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ANNUAL REPORT OF THE *Governor of Hawaii*

TO THE SECRETARY OF THE INTERIOR

FISCAL YEAR ENDED JUNE 30

MAR 3 1953

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STACK

UNITED STATES DEPARTMENT OF THE INTERIOR

Oscar L. Chapman, Secretary

TERRITORY OF HAWAII

Oren E. Long, Governor

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, D. C.

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ANNUAL REPORT OF THE GOVERNOR OF HAWAII

Oren E. Long, Governor

INTRODUCTION

The past fiscal year has seen a steady growth in the operation of the various departments of the Territorial Government. In part this is a reflection of the high level of economic development in the community due to the continued expansion of employment and business activities. Employment opportunities have increased, reaching a postwar peak at the close of the fiscal year. Employment in the Territory averaged 184,600 compared with the average monthly employment in 1951 of 177,400.

The year began with an estimated 9,700 persons unemployed. This had decreased to 7,200 by May of 1952. By the end of the fiscal year, the figure had increased to 10,200 reflecting largely the graduation of some 6,800 youths from high schools and the University of Hawaii.

The labor management picture has been favorable during the year. No major industrial strike has occurred in Hawaii following the settlement of the long-drawn-out Lanai dispute which was settled in September of 1951. The impact of the west coast shipping strike, which began in May 1952 and limited imports from the west coast, was largely met by an Emergency Food Committee appointed by the Governor which worked with the Armed Services to obtain necessary food shipments to the Territory during the strike period. The strike did cause a backlog of sugar, pineapple, and other exports.

Despite exemption of sales taxes to the Federal Government on general excise and liquor taxes, total taxes increased from 71.3 million to 76.7 million in the last fiscal year.

The Territorial Tax Office reassessed real property throughout the Territory. Total net property tax rolls increased from $340,000,000 in 1951 to $630,000,000 in 1952.

The 1951 reappraisal of property was materially assisted by 150 able and responsible citizens of the Territory who voluntarily gave much of their time and and expert knowledge to the project.

Although no affirmative action was taken by Congress in our efforts to obtain statehood, substantial progress was made in the last year. With specific pledges made by both parties in their conventions, it is hoped that action will be forthcoming at the next session of Congress.

Substantial progress was made in the field of health. The Board of Health reported that there were no deaths during the fiscal year from diseases controlled by immunization, such as smallpox, diphtheria, tetanus, and whooping cough. The National Safety Council also cited Honolulu as one of three safest American cities in its population class.

The housing situation in Honolulu showed little improvement in 1952. There has been an increase in applications due in part to an accelerated defense program. New dwelling units failed to keep pace with requirements. Conditions on the neighbor islands were not as critical as those in Honolulu.

The civil defense program has made some progress in stockpiling medical supplies and equipment. Twelve training programs have been approved to carry out the civil defense plan prepared and published in February of 1951. The facilities of the Blood Bank of Hawaii have been expanded to meet needs which may arise in an emergency.

The growing commuter traffic problem has been partially met in the road-building program in the Territory. Bids were opened on the first contract on Honolulu's first expressway (the Mauka Arterial) which will provide a 7-mile, 6-lane, divided highway to carry cross-town commuters over all intersecting streams of north-south traffic.

Improved conditions in the Territory led to a gradual decline in the public welfare load in the fiscal year. More than half of those assisted were children, reflecting a situation different from that on the mainland where more old people were assisted than children.

Enrollment in the public school system showed an increase from 93,900 in January 1951 to 96,800 in January 1952. Total expenditures in public schools, exclusive of capital outlay, for the year ended June 30, 1951, was approximately $16,800,000—a per pupil cost of $188 on the basis of average attendance.

The University of Hawaii reported a total enrollment of 12,821 students during the fiscal year 1951–52. The largest senior class in the history of the university, 720, was graduated in June. This number includes the first graduating class of the new College of Business Administration.

The tourist industry continued to develop during the year, and the Hawaii Visitors Bureau reported approximately 103,000 visitors in Hawaii during 1951.

The vacancies which existed in several divisions of the Circuit Court of the First Judicial Circuit were filled and as a result it will be possible to expedite and reduce the number of pending cases.

Construction activities of the Hawaii Aeronautics Commission were at the highest peak during this fiscal year than at any time since its organization in 1947. Construction costs, exclusive of operation and maintenance, were in excess of $1,100,000. Additional appropriations of $2,200,000 have been earmarked for new projects.

The general progress made by the Territory in the last fiscal year is reflected in the following summary reports of various departments and governmental agencies.

HAWAII AERONAUTICS COMMISSION

Construction activities of the Hawaii Aeronautics Commission were at the highest peak during the fiscal year than at any other time since its organization in 1947. The amount spent in the fiscal year for construction, exclusive of operation and maintenance costs, totaled $1,182,767. Appropriations earmarked for projects now under way or for new projects total $2,212,750. There are 16 airports under the jurisdiction of the commission.

Notable among the events of the year was the transfer of all airport operations and facilities on Maui from Puunene to Kahului. Kahului naval air station was modernized to fit the needs of interisland aviation at an approximate cost of $150,000. Interisland scheduled air carriers are now housed under one roof. The installation of medium or high intensity lighting will complete this project.

Notable also is the fact that the Lihue air terminal on Kauai is now ready for the new Convair 340's. These planes are expected to be in regular interisland flights by late 1952 or early 1953. During the year the Lihue runway was extended to a total length of 5,100 feet. In addition, medium intensity landing lights were installed on the extended portions of the runway. Both projects were completed at a cost of $185,000. Under way at the present time are alterations to the passenger terminal. Contract price for this work is $82,500.

At the Honolulu International Airport, the Korean airlift has continued to account for increased air carrier operations. Although the number of total operations decreased from 218,513 in the 1950–51 fiscal year to 201,049 in the year just ended, there was an increase from 63,644 to 71,160 by air carriers. The decrease in total operations was

brought about primarily by the completion of improvements to Hickam Air Force Base whereby temporary military traffic was moved back to Hickam.

Installation of high-intensity lights at the Honolulu Airport, a project started in the fiscal year but delayed by the west coast sailors' strike, is now nearly 100 percent complete. Funds for this project total $150,000.

The lei sellers' stands located at the entrance to the Honolulu Airport were also completed during the year. The huts carry an attractive Hawaiian motif. Landscaping with typical Hawaiian plants has helped to beautify the village.

As required by law, the commission allocated $15,000 to the Hawaii Wing, Civil Air Patrol, and a supplement of $5,000 to help that organization carry on its program.

At the present time, architects are making good progress in the designing of the new overseas terminal, the interisland section of which may be under construction by late 1952 or early in 1953. When finally completed, the entire terminal facility for the international airport—including the overseas terminal, customs and immigration buildings, restaurant, parking areas, ramps, facilities for air express, provision for future seaplane operation, etc.—may reach an estimated cost of $5,000,000. Fifty percent of this cost is expected to be Federal participation.

Construction of the new Kamuela Airport on Hawaii Island was started in February. It is now 45 percent complete. The runway is designed also to accommodate the new Convairs. When finally finished, the air strip, together with the joint passenger and freight terminal, will represent an investment of nearly $1,000,000. It is foreseen that the new Kamuela will aid the development of the agricultural industry in Hawaii. Air freight traffic at the old Kamuela is sizable. The field at present is served only by nonscheduled passenger and freight air carriers but the new Kamuela will be used also by scheduled airlines.

Construction plans for the joint passenger terminal at the General Lyman Airport in Hilo were completed during the year. The terminal, the largest and most modern structure of its type in the Territory thus far contracted for, will be under construction in July 1952. It is expected that the building will be completed and ready for use in the 1952–53 fiscal year. Contract cost of the project is $247,953. Plans are also being prepared for a new freight terminal, electrical system and high intensity lights, and reconditioning of the runways for this airport.

Immediate projects of the HAC also include extension of the Kona and Lanai Airport runways so that these air strips too may be made fit for Convair use.

The Commission continued efforts during the year to aid private flying. It maintains and operates Kipapa Airfield and part of Bellows Field exclusively for private flying. In addition, work was finished on a large hangar at the Honolulu Airport for the sole use of private aircraft. Hangar facilities are available at Hilo and Maui Airports. Work is under way for the erection of four T-hangars and private fueling facilities at the Lihue Airport. Plans are complete also for the construction of T-hangars for private fliers at the Kona Airport and dispensing of aviation gasoline at various airports where private enterprise does not provide such service to private fliers.

The Kona and Hana Airports, according to studies made, have affected the economy of these communities. Many new homes have been built by local residents as well as residents from other areas, particularly Honolulu. New small businesses have been established. Hotel and week-end rental cottages have sprung up, thus increasing accommodations for tourists and island travelers.

AGRICULTURE, FISHERIES, AND FORESTRY

Agriculture.—The area under intensive cultivation in Hawaii continued to increase to a total of 308,580 acres in 1951. The increase was 3,000 acres over 1950 and was all due to increased pineapple plantings. Although areas devoted to other crops remained relatively static, a continuing increase is noted in macadamia orchards which now occupy a total of 2,200 acres.

The total area now under intensive cultivation represents 7.5 percent of Hawaii's land area while that devoted to grazing of range animals amounts to 33 percent. Nearly all range land is used for beef-cattle production.

The two major agricultural crops enjoyed bumper crops for the second consecutive year. The sugar crop amounted to 995,759 tons of 96 degree sugar, the largest since 1936 and a dollar value increase of 10 percent over the 1950 crop. The sugar industry has pursued its aggressive research program with attention this year focused principally on aerial application of fertilizer, use of radioactive elements for techniques in evaluating fertilizer and irrigation practices, development of a direct-mounted cutter for harvesting unirrigated cane, and an infield transportation unit for harvesting in the "wet belt" conditions.

A total pack of 26,076,606 cases was obtained from the pineapple crop for the crop year ending May 1951. This set a new record for

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this crop and was an increase of over two million cases over the previous year. Advances were made in the industry's production problems through productive research in insect and disease control; control of fruiting with use of hormones; weed control with adaptable herbicides; relationship of plant growth to weather data; and other productive lines of investigation.

The coffee district harvested one of the heaviest crops in many years with an average production of 2,150 pounds of coffee per acre under cultivation, or a world's record in production for a single producing area. Favorable weather conditions, plus intensive care of orchards due to the high price of coffee, can be attributed to this fine showing.

Production of truck crops continued to show a slight decrease. This is likewise true in fresh fruit crops due primarily to a marked reduction in papaya production. Other field crops remain relatively static and contribute only a small part to the agricultural economy.

The export business of cut flowers to mainland markets began to level off and showed only a small increase over the previous year; whereas, volume increases from 1947 to 1950 more than doubled with each succeeding year. More than 850 growers now produce flowers commercially, with the greatest number located on the island of Oahu and followed closely by the island of Hawaii.

The production of the livestock industry remained relatively static except in the field of swine and poultry products. Both of these fields of agriculture, largely in the hands of small producers, showed a continued healthy expansion. All products are marketed locally and local production has a long way to go to meet local consumption demands.

Fisheries.—The production from Hawaiian fisheries increased 20 percent over the previous year. This was due entirely to a heavy run of tuna in local waters and a 36 percent increase in the catch.

Significant information on the presence of a large tuna population in the region of the counter equatorial current was brought forth during the year by the investigations conducted under the Pacific Ocean Fisheries Investigation program of the Fish and Wildlife Service, United States Department of the Interior. Further studies are being conducted at the present time that confirm the early findings of a new tuna fisheries resource in the region south of the Hawaiian Islands.

Research studies on suitable fish for introduction to Hawaiian fresh waters continued with two new species under active study.

Forestry.—More than one fourth of the total area of the Hawaiian Islands is set aside as protected forest reserve to insure a continuing supply of domestic and irrigation water. Privately held lands in

essential domestic watersheds are eligible for purchase, and a number of areas was placed under the public domain by this procedure. This is a continuing program.

Other principal values of the forest area are recreation and timber products. Research work continued in evaluating the value of timber from exotic species of forest trees which have now reached maturity. This project is receiving more active attention than at any time in the past since early plantings of the Territory's forestry program are now reaching an age where they can be utilized for timber. Additional recreational facilities were established in forest reserves on all islands under a Territorial parks authority.

PUBLIC ARCHIVES

It had been hoped that this report might include comment on the progress of the new building, but so far the call for bids has not been advertised.

Due to the overcrowded condition of the building, it has been possible only to carry on routine work with the exception of preparing records for eventual transfer to new quarters. Each records group will be given a new accession number, but the present division designation and file number must be retained. In order to do this, each folder has to be labeled with the division name and file number. This will eliminate any confusion in meeting future requests for files and prevent misfiling when the records are moved.

During the year ending June 30, 1952, 3,370 calls for information and research were answered.

The 1951 legislative records were checked and filed, filed in leader files and stacked on the vault floor.

With adequate working space and facilities, this work could be doubled.

During the week of February 4, the Archives held an exhibit of original letters, documents, and photographs relating to the founding of the Episcopal Church in Hawaii. This exhibit was in cooperation with the ninetieth anniversary of the church in the islands.

Talks were given to various groups made up of students, student nurses, university women, and men from the Armed Forces. Lack of space prevents the archivist's giving regular lectures to large groups and displaying interesting historical documents.

During the past year patrons have worked on a variety of research projects, such as: Art and artists in Hawaii, Filipino immigration, the Insane Asylum, Boys' Industrial School, Chinese in Hawaii, Shriners' Hospital, Leahi Hospital, legislative printed publications

prior to 1900, the voyage to England of Kamehameha II and Kamamalu and their death there, the Oahu Railway and Land Co.

In the 46 years of its functioning, the Public Archives has had but one report printed; this was in 1929 and gave no statistics. A new and more comprehensive report would meet the frequent calls for such a publication as well as give the public some idea of what the Archives does and what it contains and would be a guide for visitors and research workers.

It is impossible to place too much stress on the value of the Archives records. Recently one issue of The Californian, 1847, was priced at $150, and was in the second year of its publication. What value should be placed on the first issue of The Sandwich Island Gazette, published at Honolulu in 1836? When space is available, the Hawaiian Historical Society will turn over to the Public Archives all of its local newspapers. This will enable us to complete our files, especially The Polynesian, as we lack the two last volumes of this important paper.

Perhaps the most valuable gift received during the year was a collection of over 200 prints presented by Mr. R. J. Baker. Each photograph is mounted and labeled. This collection includes views of early Hawaii and exceptionally fine Hawaiian types. Another greatly appreciated gift was a collection of personal letters written by members of the Dimond family in the 1830's and 1840's and placed in the Archives by Mrs. Gladys Hobron Dyer, great granddaughter of the Dimonds.

The next legislature, it is hoped, will pass a bill allowing the sale of duplicate government publications. There are several thousands of these taking up needed space, the sale of which would bring in a revenue to the government. The 1951 legislature failed to pass a similar bill.

It has been gratifying to see how the different government agencies, individuals, and corporations have come to depend on the Public Archives for reference and research. Each year the taxpayer is brought into closer relationship with the functions of this bureau.

TERRITORIAL COMMISSION ON CHILDREN AND YOUTH

During the past year the Commission on Children and Youth first engaged in a Territory-wide study of the use of narcotics among young persons. This study revealed that the number of teen-agers and youths in the Territory known to be using narcotics was negligible in proportion to the population of these age groups. The study showed, though, that marihuana and heroin have been becoming more easily accessible in Honolulu and the number of adults using these drugs has been increasing. Following the public presentation of the commission's report, the Citizens' Council on Narcotics Control was

formed. The Commission has continued to give active support to this group and is providing the Council's secretarial service.

The commission is presently conducting three research projects in the following areas: truancy, school fees system in the public schools, and facilities for mentally deficient children.

The Committee on Truancy has made a survey of the problem of truancy throughout the Territory. The Committee hopes to determine whether truancy should be considered, basically, as an infraction of the law which should be handled authoritatively by police action or whether it is a symptom of something wrong in the home, the school, or the child himself. Data from the questionnaires are now being classified and evaluated, and the final report will be made public in the near future.

The Committee on School Fees is interested in learning if the present means of meeting the costs of public education in the form of school fees, assessments, book rentals, and educational materials charges is the most efficient, economical, and fair method and whether equal educational opportunity is thus provided for every child. Questionnaires were circulated to all public school principals in order for the Commission to secure a complete and comprehensive picture. This study too is being compiled and a report is expected shortly.

The objectives of the Committee on Mentally Deficient Children are to study (1) the number of mentally deficient children who are in need of institutional care, (2) the facilities at Waimano Home and elsewhere for the care of these children, and (3) the preventive aspects of the problem of mental deficiency. It is expected that this study will be completed within the next few months.

The Public Relations Committee has concerned itself with maintaining and strengthening the relationship between the Commission and the several Territorial departments, as well as interpreting to the public the functions and current activities of the Commission.

The Commission is sponsoring a study of juvenile behavior in Hawaii by a research team of the University of Hawaii. The major focus of this study is the causes and treatment of juvenile delinquency in the Territory. The study is planned so that it can be a continuing one over a period of several years.

The Commission has worked actively with various committees in the community which are concerned with meeting the needs of children. This has made it possible to keep informed of the work of these committees and to give some guidance and help to them. Duplication of community effort has thus been prevented, and the Commission expects to support the final recommendations of these community committees which relate to the needs of children.

The four County Committees on Children and Youth have, during the past year, become less interested and active than formerly. This

has been due to the lack for several months of the Commission's executive secretary to stimulate and give leadership to the local committees and to the lack of adequate funds for travel expenses. Despite these handicaps, the committees have continued to function with some effectiveness. All county committees have participated in the commission's current projects by assisting in gathering facts locally.

CIVIL DEFENSE AGENCY

This Agency was created by the 1949 session of the Territorial Legislature and designated as the Disaster Relief Agency.

A detailed civil-defense plan was prepared and published on February 1, 1951. It conforms in all major aspects with the program of the Federal Civil Defense Administration but contains certain modifications determined to be necessary because of the geographic location of the Territory. In conformity with the plan, the various services intended to function under emergency conditions have been organized and have scheduled 12 training programs which have been approved and will represent a total outlay of $77,233, of which the Territory will pay one-half and the Federal Administration will contribute the remaining half.

A stockpile of medical supplies and equipment has been approved for purchase on a matching fund basis in the total amount of $316,750 and is now under procurement, and shipment should begin to arrive in Hawaii about September 1, 1952. The facilities of the Blood Bank of Hawaii have been expanded to meet the needs which may arise in an emergency; and an alternate underground headquarters has been procured, furnished, and occupied, representing an outlay of Territorial funds in the amount of $69,194.80.

Selected representatives in the civil-defense work are continually being sent to the Federal Civil Defense Staff Colleges near Washington and at Saint Mary's, California, and to meetings and conferences on civil-defense subjects at other mainland organizations. The training and information which these representatives receive and bring back to the Territory have proved to be of great value to the Territorial program.

The Federal Government has made available to this Agency the underground installations in Diamond Head Crater in the city of Honolulu. Arrangements have been completed to occupy those installations on short notice by the officials of the Territorial Government and the City and County of Honolulu and to operate all civil defense activities from that location if required by an emergency.

Commencing May 26, 1952, and continuing for 62 days, west coast shipping facilities were disrupted by a strike by the members of the Sailors' Union of the Pacific. The Governor's Emergency Food Com-

mittee in the Civil Defense Agency was charged with the responsibility of ascertaining the amount of essential food items needed by the people of the Territory, to make recommendations to the Governor regarding shipping space to be provided by the Navy, and to make allocations of available shipping space to all importers. The work of this committee forestalled any critical shortages in any of the essential foodstuffs and cattle feed necessary to prevent hardship and suffering during that emergency.

Early in 1951 a committee was appointed to study the practicability of emergency production in the Territory and to supply the needs of our people if in any future emergency mainland supplies should be cut off for any protracted period of time. The committee, headed by Dean Wadsworth, head of the College of Agriculture, University of Hawaii, has completed its study and report. It held numerous meetings and evaluated all phases of the problem. In brief, its conclusion is that, granting certain essential supplies, such as seed, plantings, fertilizer, and fungicides, a program can be launched in Hawaii which within 4 to 6 months' time will be able to meet minimum essential dietary needs of our population. The report is additionally valuable because of the careful inventory and analysis of available mechanical farming equipment which constitute a part of it.

Legislative appropriations for 1951 consisted of $82,000 for the administrative expense of operating the agency and $500,000 carried in the so-called M-Day Act to carry out the purposes of the act. The latter sum was earmarked by the Legislature as follows: $250,000 for stores of medical supplies and equipment and for the Blood Bank of Hawaii, $200,000 for matching Federal funds, and the remaining $50,000 for general purposes. Approximately $135,000 has not yet been committed, for the reason that the Federal Civil Defense Administration has not been able to approve Federal matching funds for that amount.

A public information and education program has been carried forward designed to bring the need for civil defense to the attention of the public and to instill a degree of confidence in the people if catastrophe happens. A monthly bulletin has been published and widely circulated. Moving-picture films have been made available upon request to anyone interested; exhibits, test exercises, and group discussions have been carried on throughout the Territory. The public schools of the Territory have put into effect an education program for children designed to instruct them in prompt reaction to any emergency condition and to give them an understanding of the need for self-protection without frightening them. A substantial number of children have enrolled in and completed courses in first-aid, and that work is continuing throughout the schools of the Territory.

COMMERCE AND BUSINESS

Reports of business firms and government agencies in the Territory of Hawaii at the close of 1951 showed business to be in a sound financial condition.

The year 1951 was one of increased business activity as shown by gross-income-tax collections, which were up nearly 14 percent over the 1950 figure.

The volume of business of all kinds transacted in Hawaii in 1951 exceeded the billion-dollar mark. Retail establishments throughout the islands did a total business of $539,000,000, while wholesale business amounted to more than $251,000,000.

Business in nearly all categories was fairly prosperous, although increased taxes, wages, and operating costs resulted in reduced profits.

Armed Forces. The islands' biggest source of income is money spent by the Federal Government for military purposes. The goods and services sold to the Armed Forces, plus payrolls, are considered our most important "invisible export."

Military expenditures, including payrolls and purchases of goods and services during 1951, totaled approximately $220,725,000, compared with $147,200,000 in 1950. Nondefense expenditures of Federal civilian agencies totaled about $52,000,000 in 1951.

Sugar. Sugar is Hawaii's No. 1 industry. It is the keystone of the Territory's economy, its largest single source of industrial income, largest single provider of year-round employment, and largest taxpayer.

Hawaii's official 1951 crop of raw sugar totaled 995,759 short tons, fifth largest in the industry's history. The crop was valued at a record breaking $136,052,000. This compares with 960,961 tons produced in 1950, valued at $123,900,000.

Pineapples.—Pineapple production and processing form the second largest industry in the Territory and provide full-time and seasonal employment to more than 20,000 persons on plantations and in the canneries.

Pineapple production for 1951 totaled 26,075,606 cases, valued at approximately $100,000,000, more than 10 percent above the previous year's pack of 23,852,847 cases, valued at $88,000,000.

Tourists.—Hawaii's third basic industry is the tourist business. Growth in the tourist trade has been gradual down through the years reaching a peak in 1951, when 50,352 tourists visited the islands and spent an estimated $40,000,000. This compares with 46,593 in 1950 with an expenditure of $35,000,000.

The Hawaii Visitors Bureau regards the tourist trade as the Islands' greatest single source of immediately expandable income and a potential rival of the sugar industry for No. 1 place in Territorial economy.

Air Travel.—Honolulu International Airport, the principal airport in the Hawaiian Islands, is one of the busiest airfields in the United States. During 1951, there were 240,396 take-offs and landings at the airport, an increase of 37 percent over 1950.

Interisland airlines carried 490,490 passengers and 25,725,537 pounds of cargo between the islands during 1951, compared with 438,938 passengers and 21,175,017 pounds of cargo in 1950.

Banks.—Bank deposits at the close of the year 1951 totaled $376,329,868.97, compared with the 1950 total of $385,241,256.11.

Building.—The value of building in the city and county of Honolulu in 1951 totaled $42,633,344, compared with $46,691,815 in 1950. A total of 6,230 building permits was issued in 1951, compared with 7,323 in 1950.

Custom Receipts.—Custom duties and receipts for this district during the year 1951 totaled $1,634,080.04, compared with $1,871,922.94 in 1950.

Diversified Crops.—The estimated value of diversified crops and livestock marketed in 1951, based on wholesale prices, was $35,000,000, compared with $28,657,000 in 1950. Of the 1951 total, 70 percent was from livestock, poultry, and bee products. Fruits, vegetables, and miscellaneous crops amounted to $10,400,000, or 30 percent.

Internal Revenue.—Internal revenue collections for the Territory during the year 1951 totaled $97,630,825.78, compared with $81,062,910.49 in 1950.

Motor Vehicles.—There were 155,605 motor vehicles registered in the Territory on December 31, 1951, compared with 140,591 in 1950. Of this number 112,628 were registered on the island of Oahu.

New Business.—There were 39,343 business licenses issued by the Tax Commissioner during 1951, compared with 39,947 in 1950. The number of business licenses canceled during 1951 was 8,102, compared with 8,415 in 1950. Total net active licenses in effect on December 31, 1951, was 31,241.

Postal Receipts.—Postal receipts in Honolulu amounted to $2,925,838.43, compared with $2,779,750.51 in 1950.

Retail Trade.—Retail trade led all business activities during 1951 with a total volume of $539,005,142.55, compared with a total of $480,471,765.67 in 1950.

Shipping.—The number of overseas vessels departing from Honolulu Harbor during 1951 was 941, compared with 861 the previous year. Tonnage of vessels passing in and out of the harbor during 1951 was 8,254,370 gross tons, compared with 7,280,503 gross tons in 1950.

Stocks and Bonds.—The Honolulu Stock Exchange reports stocks

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and bonds traded in during 1951 totaled $5,562,573, compared with $4,793,345 in 1950.

Real Property.—The assessed value of real property in the Territory for the calendar year 1951 totaled $810,324,514, compared with $772,783,811 in 1950.

Tax Collections.—Collections of Federal, Territorial, and county taxes in the Territory during 1951 totaled $173,805,390, compared with $150,557,297 in 1950.

Wages and Salaries.—Wages and salaries paid in the Territory of Hawaii during 1951 totaled $476,073,243, compared with $430,233,631 in 1950.

Wholesale Trade.—The second largest business activity in Hawaii—wholesale trading—totaled $251,417,251 in 1951, compared with $219,924,401 in 1950.

Exports and Imports.—Exports of Hawaiian products total $238,740,000 in 1951, and imports totaled $400,831,000. Hawaii's imports from the mainland totaled $344,628,000 in 1950, and its exports to the States in the same year totaled $229,000,000.

HAWAII EMPLOYMENT RELATIONS BOARD

Since the 1951 Legislature did not make an appropriation for the Board for this biennium, all operations of the Board during the present biennium have been financed from an August 17, 1951, $5,000 grant from the Governor's Contingency Fund. Since July 1, 1951, the Board spent about $1,870.

Elections and referenda included the following:

All-union referenda petitions for eight plantations, which had been filed by Pineapple and Cannery Workers Union, ILWU Local 152, were dismissed as of October 4, 1951.

All-union referenda were directed for 26 sugar plantations in August 1951. Pursuant thereto, five all-union referenda were conducted on the island of Hawaii. In view of the small number of persons who voted in the referendum held at Pepeekeo, T. H., on August 20, and in the referendum at Hakalau, T. H., on Tuesday, August 21, and the impossibility of holding a secret referendum under such circumstances the board decided to direct its representative not to go ahead with the remaining referenda which had been scheduled. Subsequently on October 4, 1951, the board entered an order dismissing the 21 remaining sugar industry all-union referendum petitions.

The Kapiolani Maternity and Gynecological Hospital Culinary and Service Workers Union filed a petition for a determination of collective bargaining on April 16, 1952, and a direction of election pursuant thereto was made on April 23, 1952.

FEDERAL SECURITY AGENCY

Almost $10,000,000 of Federal funds and property directly benefiting more than 200,000 islanders was spent or made available in Hawaii under programs of the Federal Security Agency during the fiscal year ended June 30, 1952. Other thousands benefited substantially, though indirectly. The sum was distributed approximately as shown below:

	Number directly benefited	Distribution of Federal funds
Old-age and Survivors Insurance (administered by Federal Government only):		
Insurance payments	11,000	$4,091,393
Lump sum payments	800	80,000
Estimated number "policy (Social Security card) holders"		
Public Health Service (administered by Federal Government only): Outpatient and dental clinics, protection against quarantinable disease from foreign sources, examination of Federal employees	(*)	(1)
Federal Credit Unions (private groups): [2]		
Assets $22,574,086		
Members 53,471		
Number of credit unions 117		
Public Assistance (Territorial Department of Public Welfare): Federal grants for assistance to needy aged, blind, dependent children, and disabled	189,510	2,759,208
Child Health and Welfare Services (Territorial Department of Health, Territorial Department of Welfare): Federal grants for services for maternal and child health, crippled children; and child welfare	(*)	345,534
Public Health (Territorial Department of Health): Federal funds for general and mental health activities; control of venereal disease, tuberculosis, heart disease, cancer, and water pollution; cancer survey; hospital construction	(*)	425,337
Educational Programs (Territorial Department of Public Instruction):		
Federal grant for vocational education	(*)	165,000
Federal assistance to schools in federally affected areas:		
P. L. 815 (construction)		80,000
P. L. 874 (operation and maintenance)		642,256
Vocational Rehabilitation: (Territorial Office of Vocational Rehabilitation; Bureau of Sight Conservation and Work with the Blind)	231	147,198
Surplus Property (Bureau of the Budget). (Acquisition value of Federal surplus transferred to Hawaii for health and education purposes):		
Personal Property received (materials and equipment)	(*)	748,290
Real Property (land and buildings)	(*)	160,056
Other FSA funds spent in Hawaii: For FSA salaries and for local purchases of goods and services (estimated)		300,000
Grand total	201,541	9,944,272

*Not available.

[1] No direct distribution of Federal funds.

[2] This is a federally sponsored and inspected thrift organization which finances itself.

These funds and surplus property reaching Hawaii through the Federal Security Agency contribute substantially to the stabilization of island economy. Over seven million dollars identified with Social Security programs helped to cushion the disastrous effects that lack of income usually has on older people, children, and young families. As the result of congressional action in June, most of these programs were liberalized to compensate in part for increased living costs.

PUBLIC FINANCES

Report of the Tax Commissioner.—Last year we reported that tax collections for the fiscal year ended June 30, 1951, had broken all previous records. It is gratifying to report that collections for the fiscal year ended June 30, 1952, have established a new high. Collections were $75,464,407 for the fiscal year just closed, an increase of 7.51 percent over the previous fiscal year collections of $70,193,110.

It is difficult to predict what degree of prosperity the future holds for business in the Territory affecting tax collections. Major uncertainties lie in the area of national and international events and in labor relations.

The work of the tax office during the past fiscal year has been carried on in accordance with the requirements of the law, with particular emphasis on a strong and vigorous program for the collection of mounting delinquent taxes.

It is hoped, with the recent passage of Federal legislation under which Federal agencies will withhold State and Territorial income taxes from civilian Federal employees, that our delinquent tax situation will improve.

Amendments made by the Twenty-sixth Legislature of the Territory of Hawaii to strengthen and clarify Territorial tax laws have benefited both taxpayers and the administration. An estimated 50,000 individuals have been relieved of filing net income-tax returns under rules and regulations promulgated pursuant to the amendments, and the Tax Department has been relieved of the processing of the returns.

A complete reappraisal of all real property throughout the Territory for tax-assessment purposes was made during the year 1951. The new assessment values, which represent 60 percent of current market values, became effective January 1, 1952. In using 60 percent of the current market values, a long established administrative practice was followed.

Although the assessor of real property has no part in determining the amount of the total tax, which is fixed by law, the responsibility for a fair division of the property tax rests upon him. If he does his work well, the tax is distributed equitably. If he does it poorly, the tax becomes inequitable and unjust, many paying less tax than they should, while others pay not only their own tax but a part of the tax of their neighbors.

The task of the assessor is an exacting job for it involves becoming familiar with the market value of all kinds of property and applying the standards of prices thus obtained to an endless variety of items.

The 1951 reappraisal project was a tremendous undertaking, which was materially aided by a group of about 150 able and responsible

citizens throughout the Territory, who voluntarily and without pay gave much of their time and expert knowledge.

From the last over-all reappraisal of real property made in 1931 until 1941, the steady normal increases in values were adjusted periodically.

Immediately after Pearl Harbor on December 7, 1941, and in subsequent war years, real-estate values throughout the Territory increased sharply. However, it was felt that the values were of a temporary nature caused by inflationary trends. With the leveling off of values during the past several years, it became essential to proceed with the long overdue over-all reappraisal in order to bring assessment values in line with current market values of real property.

The over-all business activity enjoyed by our main industries—sugar, pineapple, cattle raising, etc.—the increasing expenditures of the armed services, and the steadily growing tourist business stimulating our smaller industries have been most favorable from the standpoint of tax collections during the past fiscal year.

The following are comparative statistical statements:

Comparative Real Property Tax Values and Other Related Data Covering the Entire Territory

	As of January 1, 1951	Percent to total	As of January 1, 1952	Percent to total	Increase	Percent of increase
Assessor's gross valuation:						
Land	$356,479,899	43.99	$710,282,347	54.91	$353,802,448	99.23
Improvements	453,844,615	56.01	583,153,889	45.09	129,309,274	28.49
Total	810,324,514	100.00	1,293,436,236	100.00	483,111,722	59.62
Exemptions:						
United States	259,136,794	31.98	317,836,376	24.57	58,699,582	22.65
Territory	64,403,465	7.95	103,211,512	7.98	38,808,047	60.26
Counties	21,570,638	2.66	36,678,378	2.84	15,107,740	70.04
Homes {1951—35,181 / 1952—38,145}	75,882,675	9.37	104,271,866	8.06	28,389,191	37.41
Public utilities	15,245,672	1.88	24,413,380	1.89	9,167,708	60.13
All others *	32,775,396	4.04	55,422,930	4.28	22,647,534	69.10
Total exemptions	469,014,640	57.88	641,834,442	49.62	172,819,802	36.85
Assessor's net taxable values	341,309,874	42.12	651,601,794	50.38	310,291,920	90.91
Valuations on appeal	1,909,632		42,220,373		40,310,741	2,110.92
Taxpayers' net valuation	339,400,242		609,381,421		269,981,179	79.55
50 percent of valuation on appeal	954,816		21,110,186		20,155,370	2,110.92
Net valuation for tax-rate purposes	340,355,058	42.00	630,491,607	48.75	290,136,549	85.25
Amount raised by taxation	10,800,000	3.17	11,100,000	1.76	300,000	2.78
Average rate per $1,000 value	31.70		17.60			

*Religious, charitable, educational, hospitals, etc.

NOTE.—All real property in the Territory was revalued as of January 1, 1952, on a 60 percent of current market value basis.

The sources from which the tax collections were derived during the stated periods are as follows:

Tax Collections for the Fiscal Years Ended June 30, 1951, and 1952

Kind of tax	1950–51	1951–52	Increase or decrease	Percent
Bank excise	$149,177.50	$175,822.50	$26,645.00	17.86
Compensation and dividends	9,546,300.63	10,301,958.33	755,657.70	7.92
General excise, consumption, and compensating	28,966,973.94	30,299,033.62	1,332,059.68	4.60
Income, corporations	3,474,811.32	4,313,277.36	838,466.04	24.13
Income, individuals	1,324,871.35	1,490,958.63	166,087.28	12.54
Liquid fuel	6,974,165.46	8,459,459.98	1,485,294.52	21.30
Liquor	1,875,805.28	1,907,571.28	31,766.00	1.69
Public utilities	1,948,397.99	2,058,263.82	109,865.83	5.64
Real property	10,473,095.03	10,882,593.44	409,498.41	3.91
Tobacco	1,094,425.34	1,119,776.38	25,351.04	2.32
Unemployment compensation	2,479,825.40	2,473,518.57	−6,306.83	−.25
Total, current year	68,307,849.24	73,482,233.91	5,174,384.67	7.58
Total, prior years	1,885,261.70	1,982,173.33	96,911.63	5.14
Grand total	70,193,110.94	75,464,407.24	5,271,296.30	7.51

NOTE: The above collections are exclusive of collections made by counties and other territorial departments.

Trend in Economic Conditions as Reflected by Business Volume, Wages, Dividends, Gasoline Consumption, Etc.

Items	1950–51	1951–52	Increase or decrease	Percent
Retail sales volume [1]	$496,023,368	$516,737,749	$20,714,381	4.18
Wholesale sales volume	243,818,339	245,930,481	2,112,142	.87
Sugar sales	98,598,179	109,028,043	10,429,864	10.58
Canning sales (pineapple, etc.) [2]	94,945,102	73,067,217	−21,877,885	−23.04
Manufacturing	69,433,536	76,839,406	7,405,870	10.67
Producing	41,288,905	50,026,231	8,737,326	21.16
Contracting	76,784,980	93,183,162	16,398,182	21.36
Gross business income	1,311,598,130	1,371,429,313	59,831,183	4.56
New business licenses issued	7,241	7,269	28	.39
Licenses cancelled	8,934	7,173	−1,761	−19.71
Total number of licenses issued	39,469	39,903	434	1.10
Wholesale value of tobacco sales	7,333,364	7,465,582	132,218	1.80
Wholesale value of liquor sales	15,934,231	16,119,285	185,054	1.16
Salaries and wages	437,723,543	479,739,687	42,016,144	9.60
Dividends	37,055,555	33,401,918	−3,653,637	−9.86
Gasoline consumption—gallons	91,474,768	99,987,490	8,512,722	9.31
Diesel oil consumption—gallons	28,759,951	33,040,590	4,280,639	14.88
Aviation gasoline consumption—gallons	28,377,024	33,720,720	5,343,696	18.83

[1] Prior to July 1, 1951, sales to the United States Government and its agencies were reported as retail sales; however, since then such sales have been exempted and are consequently not included in the volume for the fiscal year 1951–52. The amount on which exemption has been claimed during the past fiscal year is $23,326,811.

[2] The decrease of about 21 million dollars is principally due to the 6 months' Lanai pineapple strike.

Consolidated Statement of Operations, Territory of Hawaii and Its Political Subdivisions—Receipts for the Fiscal Year Ended June 30, 1952

Character of receipts	Territory of Hawaii	City and county of Honolulu	County of Maui	County of Hawaii	County of Kauai	Total
A. Revenue receipts:						
(a) Taxes:						
1. Property taxes		$8,778,436.29	$1,032,441.27	$1,209,445.58	$510,918.92	$11,531,242.06
2. Income taxes	$16,839,670.05					16,839,670.05
2C. Inheritance and estate taxes	299,593.74					299,593.74
4. Business license taxes	33,058,217.32	6,535,834.69	1,924,763.43	2,282,236.46	1,320,118.99	45,121,170.89
5. Nonbusiness license taxes and permits	165,888.22	297,671.86	421,013.71	505,488.18	273,869.79	1,663,931.76
6. Unemployment compensation taxes	2,469,476.70					2,469,476.70
6B. All other taxes		4,123,769.54	20,180.98	48,593.49		4,192,544.01
Total taxes	52,832,846.03	19,735,712.38	3,398,399.39	4,045,763.71	2,104,907.70	82,117,629.21
(b) Nontaxes:						
7. Special assessments and special charges	4,199.97	650,852.37			11,832.00	666,884.34
7C. Fines, forfeits, and escheats	62,181.06	489,563.57	31,282.34	56,024.31	7,840.92	646,892.20
8. Grants-in-aid	11,838,416.64	1,286,468.20	940,353.41	894,043.81	443,405.39	15,402,687.45
9. Donations from private sources	61,941.74	42,855.14		19,890.78	267.20	124,954.86
10. Rent of investment properties	1,507,117.56	10,400.88	8,789.05	51,475.82		1,577,783.31
11. Interest	944,657.96	116,578.94	463.17			1,061,700.07
12. Earnings of general departments:						
I. General government	121,678.72	103,494.83	31,831.90	46,901.85	5,646.54	309,553.84
II. Protection	411,689.71	108,039.85	544.55	18,693.13	5,845.00	544,812.24
III. Highways	35,252.50	139,047.23	2,033.75	48,739.82	5,507.72	230,581.02
IV. Development and conservation of natural resources	53,571.18					53,571.18
V. Health and sanitation	97,621.17	495,577.00	3,226.70	28,577.32		625,002.19
VI. Hospitals and institutions for handicapped	276,505.86	82,394.02	278,130.41	876,991.88	1,702.30	1,515,724.47
VII. Charities	110.00					110.00
VIII. Correction	163,038.64	4,146.00				167,184.64
IX. Schools	1,610,899.52		1,824.00	1,366.75	9,816.94	1,623,907.21
X. Libraries	45.00					
XI. Recreation	111,460.66	55,300.60	9,292.19	17,363.00	11,527.25	204,943.70

Consolidated Statement of Operations, Territory of Hawaii and Its Political Subdivisions—Receipts for the Fiscal Year Ended June 30, 1952—Continued

Character of receipts	Territory of Hawaii	City and county of Honolulu	County of Maui	County of Hawaii	County of Kauai	Total
A. Revenue receipts—Continued.						
(b) Nontaxes—Continued.						
XII. Miscellaneous	$44,039.36	$869,995.39	$10,157.85		$3,852.40	$928,045.00
XIII. Public service enterprises	1,924,092.39	4,742,484.56			151,012.73	6,817,589.68
Total nontaxes	19,268,519.64	9,197,198.58	1,317,929.32	$ 2,060,068.47	658,256.39	32,501,972.40
Total revenue receipts	72,101,365.67	28,932,910.96	4,716,328.71	6,105,832.18	2,763,164.09	114,619,601.61
B. Nonrevenue receipts:						
76. From borrowings	11,164,026.17	5,295,364.61	1,484,164.12	1,066,096.29	100,000.00	19,109,651.19
77. From other civil divisions	2,123.66	17,596.42	124,264.31	214,533.95		358,518.34
78. From objects of private trust		14,625.00	36,044.56	2,910.52		53,580.08
79. From sales of investments	3,106,177.81	63,028.61		29,030.04		3,198,236.46
80. From decrease of storehouse supplies	850,552.68	17,444.46				867,997.14
81. From offsets to outlay payments			200,872.61	1,050,866.17		1,251,738.78
82. From counterbalancing receipts	56,582.35	2,742,431.86	2,251.08	454,522.46	111,755.93	3,367,543.68
Total nonrevenue receipts	15,179,462.67	8,150,490.96	1,847,596.68	2,817,959.43	211,755.93	28,207,265.67
C. Transfer receipts:						
83. Nonrecoverable transfers from other funds	2,609,649.21	2,625,573.24	707,201.81	1,291,963.58	171,476.51	7,405,864.35
83. Nonrecoverable transfers from employees' retirement system	63,467.49					63,467.49
84. Borrowings and repayments from other funds	6,900,000.00	4,381,747.28	150,000.00	796,089.35		12,227,836.63
Total transfer receipts	9,573,116.70	7,007,320.52	857,201.81	2,088,052.93	171,476.51	19,697,168.47
Total receipts	96,853,945.04	44,090,722.44	7,421,127.20	11,011,844.54	3,146,396.53	162,524,035.75
D. Available cash at beginning of year	28,908,642.63	11,568,744.10	119,702.68	972,759.12	1,131,879.91	42,701,728.44
Grand total	125,762,587.67	55,659,466.54	7,540,829.88	11,984,603.66	4,278,276.44	205,225,764.19

Prepared by Auditing Department, Territory of Hawaii.

Consolidated Statement of Operations, Territory of Hawaii and Its Political Subdivisions—Payments for the Fiscal Year Ended June 30, 1952

Object of payment	Territory of Hawaii	City and county of Honolulu	County of Maui	County of Hawaii	County of Kauai	Total
A. Governmental cost payments:						
Division of Government:						
I. General Government	$3,645,557.62	$1,949,055.61	$391,534.86	$511,736.79	$233,814.30	$6,731,699.18
II. Protection	4,872,707.94	5,648,818.85	639,285.58	898,238.13	618,581.14	12,677,631.64
III. Highways	12,872,764.43	3,887,955.16	734,255.51	1,138,358.02	652,143.21	19,285,476.33
IV. Development and conservation of natural resources	1,816,195.83					1,816,195.83
V. Health and sanitation	2,327,845.66	6,167,118.25	94,070.07	88,120.47	68,177.47	8,745,331.92
VI. Hospitals and institutions for handicapped	8,786,047.19	724,964.49	1,386,770.91	1,975,161.93	326,100.13	13,199,044.65
VII. Charities	8,932,144.62		82,149.50	223,172.30	63,813.99	9,301,280.41
VIII. Correction	1,762,863.48	132,473.48	43,314.02			1,938,650.98
IX. Schools	20,809,147.56	2,098,574.96	327,025.27	1,106,456.70	230,611.36	24,571,815.85
X. Libraries	936,167.92			2,244.27	12.00	938,424.19
XI. Recreation	246,984.65	2,083,472.77	139,971.66	338,183.34	155,011.25	2,963,623.67
XII. Miscellaneous	4,599,136.88	2,155,172.43	417,634.63	477,282.05	257,544.54	7,906,770.53
XIII. Contributions to public service enterprises	3,552,278.44	3,813,482.83	250,000.00	153,761.13	169,018.99	7,938,541.39
Total (divisions I through XIII)	75,159,842.22	28,661,088.83	4,506,012.01	6,912,715.13	2,774,828.38	118,014,486.57
XIV. Interest	729,175.00	1,195,302.59	70,377.20	54,336.43		2,049,191.22
Total governmental cost payments	75,889,017.22	29,856,391.42	4,576,389.21	6,967,051.56	2,774,828.38	120,063,677.79
B. Nongovernmental cost payments:						
76. For debt obligations	967,030.03	1,526,459.48	1,934,942.83	695,896.43	200,100.61	5,324,429.38
77. To other civil divisions	4,304,610.11	4,872.71	59,522.77	205,000.00		4,574,005.59
78. For objects of private trust		13,959.66	74,700.60	4,574.77		93,235.03
79. For investments purchased	1,335,303.66	4,352.73				1,339,656.39
80. For increase of storehouse supplies	640,775.80	17,340.72		30,728.45		688,844.97
81. For outlay payments offset by receipts	2,325.43		200,872.61	776,240.34		979,438.38
82. For counterbalancing payments	213.44	2,162,853.17	2,251.08	133,153.45		2,298,471.14
Total nongovernmental cost payments	7,250,258.47	3,729,838.47	2,272,289.89	1,845,593.44	200,100.61	15,298,080.88

Consolidated Statement of Operations, Territory of Hawaii and Its Political Subdivisions—Payments for the Fiscal Year Ended June 30, 1952—Continued

Object of payment	Territory of Hawaii	City and county of Honolulu	County of Maui	County of Hawaii	County of Kauai	Total
C. Transfer payments:						
83. Nonrecoverable transfers to other funds	$2,609,649.21	$2,625,573.24	$707,201.81	$1,291,963.58	$171,476.51	$7,405,864.35
83. Nonrecoverable transfers to employees' retirement system	2,749,300.72					2,749,300.72
84. Borrowings and repayments to other funds	6,900,000.00	4,381,747.28	150,000.00	796,089.35		12,227,836.63
Total transfer payments	12,258,949.93	7,007,320.52	857,201.81	2,088,052.93	171,476.51	22,383,001.70
Total payments	95,398,225.62	40,593,550.41	7,705,880.91	10,900,697.93	3,146,405.50	157,744,760.37
D. Available cash at close of year	30,364,362.05	15,065,916.13	*165,051.03*	1,083,905.73	1,131,870.94	47,481,003.82
Grand total	125,762,587.67	55,659,466.54	7,540,829.88	11,984,603.66	4,278,276.44	205,225,764.19

Prepared by Auditing Department, Territory of Hawaii.

Treasurer's Report.—The outstanding indebtedness of the Territory of Hawaii as of June 30, 1952, was $42,818,000 as compared with $32,582,000 at the close of the fiscal year 1951, and $19,693,000 as of June 30, 1950.

During the year, the Territory sold $11,000,000 in public improvement bonds. In the same period, $764,000 in public improvement serial bonds matured.

The legal debt margin of the Territory as of June 30, 1952, was as follows:

Bonded debt limitation set by Congress, $63,049,160. Outstanding indebtedness as of June 30, 1952, $42,818,000. Excess of authority to borrow over existing indebtedness, $20,231,160.

Cash on hand and in banks for all funds amounted to $42,551,804.67. For security of the funds deposited in banks, there was an excess of $4,090,426.75 of bonds over deposits.

Corporations.—There were registered with the office of the Territorial Treasurer for the fiscal year 1,558 domestic joint-stock corporations; 622 domestic eleemosynary corporations; 204 foreign joint-stock corporations; and 26 foreign eleemosynary corporations. In addition, there were registered with the same office 2,644 general partnerships, 11 special partnerships, and 72 limited partnerships.

A total of 1,736 trade-marks, 2,183 trade names, 74 prints, and 293 labels are registered with the office of the Treasurer.

Banks.—Four banks, with 43 branches, were in operation in the Territory at the close of the fiscal year. These four, with main offices in Honolulu, were American Security Bank, Bank of Hawaii, Bishop National Bank of Hawaii, and the Liberty Bank of Honolulu. These banks operate branches on the islands of Oahu, Maui, Hawaii, Kauai, and Lanai. Bank clearances between July 1951 and June 1952 amounted to $2,175,041,241.25. Total assets of the banks were $407,824,721.66.

Trust Companies.—Five trust companies were in operation in the Territory at the close of the fiscal year. They were the Bishop Trust Co., Ltd.; Cooke Trust Co., Ltd.; First Trust Co. of Hilo, Ltd.; Hawaiian Trust Co., Ltd.; and the Honolulu Trust Co., Ltd. Total assets of these trust companies were $18,153,442.21.

Savings, Building, and Loan Associations.—Nine associations were in operation in the Territory at the close of the fiscal year. These were Home Building & Loan Association, Ltd.; Honolulu Savings & Loan Co., Ltd.; International Building & Loan Association, Ltd.; Oahu Savings & Loan Association; Pioneer Savings & Loan Association; Territorial Building & Loan Association, Ltd.; American Savings & Loan Association; State Savings & Loan Association; and First Federal Savings & Loan Association of Hawaii. These associations had combined assets of $55,679,062.27.

Industrial Loan Act.—The combined assets of 43 licensees under the Industrial Loan Act totaled $27,117,115.99.

Bureau of the Budget.—As the result of excess appropriations overestimated revenues for the biennium 1951–53, the Territorial government was faced with a biennial deficit of $13,992,908 as of July 1, 1951.

At the end of the first fiscal year's operation, the biennial deficit was reduced to $8,181,720, a decline of $5,811,188. This decline was due chiefly to an upward adjustment of $4,902,350 in estimated revenues and appropriation lapses totaling $1,309,697, which were offset by upward appropriation adjustments totaling $400,859.

The estimated deficit will be further reduced if receipts due the Territory over a period of years from reimbursable expenditures are taken into account.

Because of the deficit situation, the Governor directed all departments at the beginning of the biennium to limit expenditures to 90 percent of their appropriations, if possible, without curtailing essential public services or disregarding legislative mandates. To accomplish this objective, the Governor requested all department heads to improve internal efficiency, to promote economy, and to cooperate with the Governor's Management Improvement Program.

The Governor's Management Improvement Program included projects on central purchasing, financial and administrative reporting, utilization of business machines, performance budgeting, forms control, centralized telephone billing, and management improvement conferences. Central purchasing of stationery supplies, tires, and tubes has already achieved tangible savings to participating departments, and steps are under way by the Governor's Committee on Central Purchasing for including additional items and for standardizing common items used by Territorial agencies.

A system of quarterly reporting of financial and administrative developments by all agencies has been instituted as a means of self-appraisal and as a means of keeping the public informed about governmental problems and accomplishments. Committees have been organized and are working on methods of improving the utilization of business machines and of improving forms. To the extent possible within the existing accounting system, departments have been instructed to submit budget requests for the ensuing biennium on a performance basis. Also, a special conference on management improvement for department heads was held at the Governor's request.

By legislative action two programs have been added to the Bureau of the Budget functions. The Bureau has been designated as the Territorial agency for administering the surplus property program under the Federal Property and Administrative Services Act of 1949. Using

original acquisition cost figures, personal property valued at $2,480,000 was offered to the Territory. Of this amount, $846,400 was received for distribution to qualified health and educational agencies in the Territory. In addition, real property valued at $175,000 in buildings and land was reallocated to qualified agencies.

The second legislative program—the insurance management program—involves a survey of the exposures to losses to the Territory for the purpose of determining the optimum insurance coverage for the Territory. Upon completion of the study, a comprehensive insurance management program will be presented to the 1953 legislature.

The Bureau of the Budget is cooperating with the National Income Division of the United States Department of Commerce in developing a personal income series for the Territory of Hawaii. A special publication on Hawaii analyzing total personal income and per capita income trends during the years 1939–51 is scheduled for publication early 1953 As an indicator of the economic level in the Territory, the annual income series meets a long felt need for basic income data for purposes of economic analysis and as a basis for comparing Hawaii's level of taxation and expenditures with the States.

United States Internal Revenue.—There was an increase of $36,978,014.92 in the receipts of the Office of the United States Internal Revenue, District of Hawaii. Total collections for the fiscal year amounted to $134,608,840.70 as compared with $97,630,825.78 for 1950–51; $81,062,910.49 for 1949–50; and $90,824,693.66 for 1948–49.

Total Collections for the Past 20 Years

Fiscal year	*Amount*
1933	$3, 067, 249. 39
1934	5, 735, 328. 81
1935	5, 652, 504. 06
1936	7, 980. 700. 63
1937	11, 633, 487. 56
1938	14, 286, 656. 20
1939	11, 766, 650. 72
1940	9, 721, 626. 41
1941	13, 763, 998, 48
1942	32, 067, 927. 62
1943	75, 996, 558. 49
1944	149, 643, 817. 00
1945	172, 443, 857. 23
1946	140, 379, 083. 08
1947	105, 865, 662. 98
1948	107, 651, 471. 35
1949	90, 824, 693. 66
1950	81, 062, 910. 49
1951	97, 630, 825. 78
1952	134, 608, 840. 70

GOVERNMENT SERVICE

Department of Civil Service.—During the past fiscal year of 1951–52, it was necessary for personnel of this Department to devote considerable time to new activities mandated by provisions of laws which were enacted during the 1951 session of the legislature. Some of these mandated and new activities were:

Processing, indexing, and certifying receipt of more than 18,000 personal history statements from all employees of the Territorial and county governments, and furnishing administrative and clerical services to the Territorial Loyalty Board as mandated by Act 256, S. L. 1951;

Preparing new civil service rules and regulations for promulgation by the Governor to meet the requirements of Act 319, S. L. 1951;

Preparing new vacation and sick leave rules for promulgation by the Governor to meet the requirements of Act 121 and Act 326, S. L. 1951;

Providing leadership for and conducting semiannual meetings of the commissioners of all civil service departments in the Territory for the purpose of establishing uniformity in the application of merit principles and practices as mandated by Act 319, S. L. 1951;

Preparing grievance procedures which would be applicable to all employees of the classified service in the Territorial and county governments as mandated by Act 319, S. L. 1951; and

Serving as the central agency of the joint testing service which provides examination construction services to all civil service departments of the Territory.

Usual civil service activities, particularly those in the areas of examination and recruitment, remained at a very high level in comparison to past years. The public has displayed considerable interest in examination announcements for clerical, typist, stenographic, accounting, general administrative, and the unskilled labor classes of positions. The response to our examinations for these classes of positions resulted in a great excess of eligibles in proportion to the number of vacancies to be filled. However, in some of the classes of positions requiring specialized training and skill, there have been continuing shortages despite repeated efforts through newspaper publicity and paid advertisements to attract qualified individuals. Some of the classes of positions in which there have been continuing shortages of qualified applicants are: engineers, librarians, social workers, physical and occupational therapists, nurses, veterinarians, psychiatrists, and psychologists.

While we have not been able to construct and conduct examinations in advance of the needs of line departments or to provide eligible lists

to departments in many cases of vacancies, more individuals were examined and more examinations were given during the year 1951 than in any of the other past years.

Salary Standardization Board.—In 1947 the legislature of the Territory created the Salary Study Commission and charged it with the responsibility of making a comparison of salaries paid to the employees of the several governmental jurisdictions of the Territory, of the Federal Government employees in the Territory, and of the employees of private industry, one purpose of which was to determine the uniformity of pay for similar work between the Territory and the several counties of the Territory.

The results of that survey were released to the legislature in 1949 but, except for referring the matter to the interim Holdover Committee of 1949, no specific action was taken. The report of the Salary Study Commission had recommended to the legislature the creation of a salary standardization board to have the responsibility of reevaluating all positions under civil service with a view toward achieving substantially equal pay for equal work throughout the several jurisdictions. The Holdover Committee of 1949 proposed to the 1951 legislature a bill which, although amended in major respects, became Act 320 of the Session Laws of 1951. That act created the Salary Standardization Board substantially as recommended by the Salary Study Commission.

The Board, consisting of seven members, was charged with the responsibility for conducting a complete reclassification of all Territorial and county civil service employees, some 12,500 in number. The existing pay schedules were to be replaced, upon completion of the reclassification survey, by a single salary schedule of 16 grades, each of the newly developed classes being assigned to one of the sixteen salary grades, the amount of pay for each grade having been previously determined by the legislature.

As of the date of this report (or August 10, 1952) the Board had completed the reclassification phase of the work. All existing positions were grouped into approximately 750 separate classes, each class representing either a single position or a group of positions substantially different in the scope of duties and responsibilities from all others, as required by the Act. Abolished was the old classification plan, which consisted of over 1,500 classes and where often the distinguishing characteristics between classes were so slight as to make effective maintenance of the plan depend too much on the discretion of the civil service administrators.

The Board has also received from the organization employed to do the technical work on the survey its recommendations as to the appropriate pay grade for each of the classes. It is expected that the

review and modification of those recommendations will be completed soon. The new classification plan and pay plan will then be put into effect.

BOARD OF HARBOR COMMISSIONERS

The earnings of the Board of Harbor Commissioners for the fiscal year ended June 30, 1952, were $1,364,039.96 compared with $1,270,-367.20 for the previous fiscal year.

Construction of a new pier in Honolulu Harbor has been delayed due to lack of action in securing release of Federal property.

The following is a comparative tabulation of the inward and outward overseas vessels and cargo tonnages for the fiscal year ended June 30, 1952:

Port	Number of vessels		Inward cargo tons		Outward cargo tons	
	1951	1952	1951	1952	1951	1952
Honolulu	941	1,123	2,154,006	2,372,096	654,356	595,036
Hilo	223	206	286,093	262,173	404,302	339,628
Kahului	176	188	220,087	213,125	383,886	401,901
Port Allen	128	100	71,060	63,017	159,828	61,975
Nawiliwili	98	104	55,664	62,439	172,073	213,701
Total	1,566	1,721	2,786,910	2,972,850	1,774,445	1,612,241

Passenger arrivals by surface transportation declined from 24,768 in 1951 to 23,948 in 1952, a decrease of 820.

DEPARTMENT OF HEALTH

The general health of the people of the Territory was prevalently good during the fiscal year ended June 30, 1952. Outstanding new records were established for the diseases controlled by immunization, such as smallpox, diphtheria, typhoid and paratyphoid fevers, tetanus, and whooping cough. There were no deaths from any of these diseases during the fiscal year for the first time in Hawaii's history. Additionally, there were also:

1. No locally contracted case of smallpox in 39 years.
2. No diphtheria deaths in 7 years.
3. No typhoid deaths in over 5 years and no cases in over 2½ years.
4. No whooping cough deaths in 4 years.

We can justly be proud of this record as to our knowledge it is unequaled by any other State or Territory.

We continued to make substantial gains in other areas. The tuberculosis death rate of 14.8 per 100,000 population was by far the lowest in the recorded history of the Territory for this disease. This compares with the rate of 24.4 for the previous year. Accomplishment of this feat has been most gratifying as just a decade ago tuberculosis was the most potent killer of the communicable diseases with which we had to deal. Despite this favorable trend in the control of this disease, 550 new cases of tuberculosis were discovered during the year, thus emphasizing the need for continued efforts in this area.

Our infant mortality rate for 1951 was 23.6 per 1,000 live births. This is a new all-time record low but is just slightly better than last year's rate of 23.8. This compares favorably with the 1951 provisional rate of 28.8 for the United States as a whole. The 1951 maternal mortality rate was 0.7 per 1,000 live births. This is slightly lower than the rate of 0.9 for 1950 but not quite as good as the all-time record low of 0.5 per 1,000 live births attained in 1949.

Despite the foregoing impressive records, we cannot afford to relax our vigilance in the battle against the communicable diseases. We must forever be alert to possible threats to the community health from undue prevalence of any communicable disease and be prepared to contain it. We were emphatically reminded of this axiom by an outbreak of measles in epidemic proportion during the fiscal year. The year ended with 13,048 cases reported as against 84 for the previous year. Several thousand units of immune globulin were furnished by the American Red Cross and distributed by the Health Department to physicians on all islands to help combat the severity of the measles epidemic.

During the second half of the fiscal year, we experienced an undue prevalence in the number of paralytic poliomyelitis cases reported to the Health Department. With the end of the fiscal year, poliomyelitis was in epidemic proportions and continues to be so at this writing. A total of 90 cases were reported for the fiscal year as against 33 for the past year. There were 1,605 cases of influenza reported for the year as against 2,621 for the past year. While this is a decrease of 1,016 cases, it is still considered to be present in undue proportions.

With the conquering of the communicable diseases, there is need for a shifting emphasis to studies toward control of the chronic diseases and the entire new field of the science of geriatrics. During the calendar year 1951, diseases of the heart and cancer showed an all-time high in causation of death. Nine hundred four persons died of heart disease in the Territory and 454 died of cancer. These two causes of death have firmly established themselves in first and second place in the Territory as well as throughout the Nation. Many of

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these deaths can be prevented by early diagnosis and treatment. This is an area which requires increasing emphasis and presents a major challenge to all concerned with developing a health program for the Territory. The conquering of the communicable diseases, together with advancements in the field of environmental sanitation, is responsible in a large measure for the general level of good health which we enjoy, and this has contributed to increase the life expectancy of man. This points up the need for developing a more adequate program in the field of geriatrics. There is need for studies not only of the diseases of old age but also studies in the entire area of the social well-being and the status of socio-economic dependency of the aged as well. The Health Department is fully cognizant of these problems and is gradually modifying its program to take these problems into consideration.

During the past fiscal year, one new program was inaugurated and another one was given increasing emphasis. The first of these was the establishment in July of the Division of Hospitals and Medical Care in accordance with the provisions of Act 129, Session Laws of Hawaii, 1951. The Division has two main functions: (1) it administers a program of medical care for the indigent and medically indigent in the Territory, and (2) it inspects and licenses hospitals as well as administers the local hospital construction program established by the Federal Hospital Construction Act. The first year of the medical care program was devoted toward establishing the project, standardizing the procedures, developing the program, determining the scope of the services and the proper method of implementation. Available services from tax supported or private resources are fully utilized. Determination of eligibility for medical care remains at the county level, and the counties are reimbursed by the Territory in accordance with certain agreed, prescribed instructions. We have stayed within the allotted budget, and this was accomplished through cooperation of the several counties and good administration. As the year ends, plans have been made in conjunction with the Department of Public Welfare for obtaining matching Federal funds for medical care of certain categories of eligible welfare recipients.

In the field of hospital construction, the $1,119,000 Puumaile Hospital, receiving $373,157 in Federal assistance, was completed during the year. The $1,696,000 Central Maui Memorial Hospital, with a Federal grant of $546,428, is nearing completion. The $773,361 Kuakini Hospital, receiving 50 percent Federal assistance, was started during the year and is about 70 percent completed. Final drawings are in preparation for the $42,000 Hanapepe Health Center, one-half of which will be federally financed. The sum of $161,349 has been

earmarked for the proposed $1,371,000 Queen's Hospital construction program.

The Health Department staff is playing a leading role in the health aspects of civil defense planning. Plans have been formulated to be placed into immediate action in the event of a disaster. The Blood Bank has expanded its facilities and is ready to go into emergency action in the event of a disaster. It has recently established a stand-by unit, which is located in Rocky Hill tunnel. The blood bank of Hawaii now has enough supplies to take 1,000 donors and administer 1,278 units of blood and plasma in the event of an emergency.

In the field of administration, one of the most important functions of the Department is the establishment of liaison with other community organizations which are dedicated toward developing health programs for the Territory. In this connection, four committees especially worthy of note were organized during the year. These are: The Chronic Illness Advisory Committee of the Territorial Medical Association, the Committee on Rehabilitation Services, the Dental Health Planning Committee, and the Mental Health Planning Committee of the Oahu Health Council. These voluntary committees, made up of public-spirited citizens, serve to act as an important motivating force to assist the Health Department in putting across desirable public health measures. Liaison was also maintained with other jurisdictional areas which, while somewhat remote, are nevertheless important. These include assistance rendered to the Trust Territory areas, the South Pacific Commission, and direct cooperation with the Pacific Science Secretariat to establish the Pacific Area Communicable Disease Information Service.

In the area of international cooperation in health work, continuous efforts were made during the year to get Hawaii admitted into the Western Regional Branch of the World Health Organization. A step in that direction was made when Dr. C. L. Wilbar, Jr., president of the Board of Health, was sent by the State Department to attend the meeting of the Western Pacific Regional Branch of the World Health Organization in Manila in September 1951 as an official United States observer. Further recognition of the leadership of the Health Department was evident when the local chapter of the National Foundation for Infantile Paralysis sent Dr. Richard K. C. Lee, assistant health executive, to attend the Second International Congress on Poliomyelitis in Copenhagen, Denmark, as its official representative. The above trips of Dr. Wilbar and Dr. Lee were made without expense to the Territory.

As of June 30, 1952, there were 625 employees on the Health Department's payroll, of which 544 were compensated from Territorial appropriations and 81 from Federal allotments.

Among the many achievements of the department during the past year, the following selected items are worthy of recording:

With the passage of Act 62 by the Twenty-sixth Legislature in 1951, divorces are now registered by the Bureau of Health Statistics beginning July 1, 1951. The bureau now registers all vital events—births, deaths, fetal death, marriages, and divorces—a statement which only a very few of the States can make.

The past year saw the culmination of our efforts to get the Federal Government to reimburse Hawaii for the money it expends for the care of Hansen's disease patients. H. R. 1739 of the Eighty-second Congress providing for this reimbursement was enacted into Public Law 411 with the approval of President Truman on June 25, 1952.

The Bureau of Laboratories, in a study of sera from 321 Hansen's disease patients, disclosed that the concentration of antibodies against tuberculin antigens was related to the type (lepromatous or tuberculoid) and activity of the disease and, especially, to the bacteriological findings. This not only opened a new approach to the study of Hansen's disease but also added force to the concept that immunization of children of Hansen's disease patients against tuberculosis might serve as a protective action against the former ailment.

In conformity with a legislative mandate, a mosquito survey covering the Territory was completed. The extent of ground breeding on the four main islands was examined. Increased activities toward the control of the night mosquitoes were also pursued during the year.

Plans for a number of needed new water supplies and additions in storage facilities to existing water systems were reviewed and approved for construction during the year. Included were plans for the new $400,000 Ahualoa-Honokaa water supply system on Hawaii and the $300,000 N. Kona water system also on Hawaii.

As directed by the last Legislature, a number of meetings were held with the Boards of Water Supply of Honolulu and Hilo to determine the desirability and feasibility of fluoridating the water supplies on this island and Hawaii.

HAWAIIAN HOMES COMMISSION

Thirty-one years ago, the Hawaiian Homes Commission was created by act of Congress for the purpose of preserving the Hawaiian Polynesians from extinction in their own native islands; to take them out of the slums, to which a majority of them have been forced to move, and place them on tracts of lands which for all intent and purposes they could call their own.

At the outset, the program was beset with many hurdles and pitfalls, such as inadequate finances, marginal lands to work with, inade-

quate water and other utilities available to the lands to be developed, and, due to isolated location of most of the tracts, the lack of employment opportunities for those destined to occupy these lands.

A total of 60 lots was awarded during the past year to homesteaders and an equal number of transfers made to new lessees through transfers and surrenders. Considerably more lots would have been awarded if the lots were available in view of the fact that over 400 applications were received last year, bringing the total number of applications on file to over 2,000. As a result of the award of 60 lots to new lessees, there are now living on Hawaiian Home lands some 1,513 families. In addition to the 400 new applications, an additional 426 applications were received for pasture and farm lands in Waimea on the island of Hawaii.

The sum of $365,389 was made in loans to some 200 applicants, said loans including 77 new loans, 76 additional loans and 47 loans granted lessee through transfer of property. During the past year a total of 42 new homes was completed with construction of 28 others started. Some 60 other homes were renovated and repaired during the past year.

On the island of Molokai, the Hawaiian Homes Commission installed a pipeline from the deep well and pump to the large storage tanks supplying the Hoolehua homesteads. The completion of this installation now insures a continuous water supply to all homesteaders on Molokai where rationing of water has occurred each year since the opening of the homestead lots.

In Waimea on the island of Hawaii, preliminary plans have been completed for the awarding of 77 house lots, of 1 acre each, 48 pasture lots of approximately 300 acres and 28 farm lots of approximately 15 acres. An irrigation ditch supplying water to the farm lots and 2,000 acres below the farm lots will be completed by October of this year, and it is hoped that homesteaders selected for these lots will be able to move onto the homesteads shortly after that. The lack of funds for developing this area and for financing the homesteaders has been the principal cause for the delay in awarding these homesteads to prospective homesteaders.

Public Law No. 482, passed by the last Congress, will increase the Loan Fund from $2,000,000 to $5,000,000 and the Hawaiian Home Development Fund from $400,000 to $800,000. This will assist greatly in developing the Hawaiian Homes Commission program. Passage of Public Law 483 by the last Congress in which lands in Kalawahine were exchanged for about 50 acres of Territorial land will provide about 108 additional house lots in this area after roads, water mains, sewer lines, etc., are installed.

There is a definite need for further developments in the Nanaikapono and Waimanalo areas on Oahu, as well as in the Panaewa area on the island of Hawaii.

HAWAII HOUSING AUTHORITY

Our report last year indicated that the housing situation in Honolulu was in a critical state. There was little or no improvement in 1952. In fact, the Authority's application load increased. There were 6,243 applications as against 4,778 the previous year. This represents at 23.5 percent increase in the past fiscal year over the previous year. Fewer tenants vacated the projects. Only 18 percent of the applicants were assigned to units as compared with 22 percent of the applicants in 1950–51.

This increase in applications is due in part to the following facts:

(1) New dwelling units did not keep pace with requirements. On the island of Oahu, there were more marriages in January to December 1951 than in previous years. On January 1, 1952, the population had increased 0.5 percent over January 1, 1951.

(2) Land values and home construction costs increased beyond the reach of the average citizen. In a study of the building permits issued by the city and county of Honolulu, the minimum cost of house and lot in the residential districts showed that 40 percent of the total permits in 1950–51 cost $13,000 or over; but in the year 1951–52, 82 percent of the total building permits for the residential areas cost $13,000 or more.

(3) An accelerated defense program resulted in population augmentation by the Armed Forces.

(4) Rental rates for available units were high. Studies made of advertisements in the daily newspaper on or about the 15th or 30th of each month from January 31 to December 31, 1951, showed there were 736 units advertised in the 24 issues; of this number, 63.8 percent were for studios and 1-bedroom units, 23.8 percent for 2 bedrooms, and only 12.4 percent were for 3-bedroom homes. Seventy-nine of the 2-bedroom units required $85 or more for rent; 68 gave no rental rates. Of the 91 three-bedroom units, 70 required $85 or more rent; 19 did not mention rental rates; the remaining 2, although renting below $85, were restricted.

(5) In addition to the high rents, restrictions prevented many families from acquiring homes. Of the 736 units studied in the advertised columns of the newspaper, 311 out of 470 studios and 1-bedroom units were restricted. One hundred and three out of 175 two-bedroom units and 39 out of 91 three-bedroom units carried restriction clauses. Large rental units are seldom found in the rental advertisements.

No 4- or 5-bedroom units were advertised in the 24 issues. The need for large units is reflected by the Authority's applications. As of June 30, 1952, 28.9 percent required one-bedroom, 45.7 percent required two bedrooms, and 25.4 percent required three or more bedrooms.

Conditions on the neighboring islands were not so critical. Many families have moved to Oahu as they wished to avail themselves of high wages. The Authority's low rent project in Hilo, Lanakila Homes, was released for occupancy in the fall of 1951. These factors materially improved the housing situation in Hilo.

Many of the long-range plans of the Authority for developing permanent units have materialized. Those constructed solely through Territorial funds are the 82 units in Palolo Homes project which were completely filled by the beginning of this fiscal year and 28 four- and five-bedroom units at Puahala Homes which were released for occupancy in April 1952. The Commissioners authorized an award of the contract in June 1952 to raze 68 units in Palolo Emergency Homes Project and to construct 111 permanent units on that location. There will be an additional 242 units erected on that site in the next 3 to 5 years. Two permanent low rent housing projects have become a reality. One hundred and fifty units at Lanakila Homes in Hilo were opened for occupancy in the fall of 1951. Three hundred and sixty-four units at Mayor Wright Homes in Honolulu are now under construction and a portion of these will be released for occupancy in the fall of 1952. There are 800 permanent low-rent units under various stages of development. Negotiations started in December 1951 for the purchase of 26 acres in Kalihi for development of the Kalihi Valley Homes which will supply 400 units. The development program for 134 units adjoining Kalihi War Homes has been approved by Public Housing Administration. These 2 are the first units of the 800 reservation. The remaining 266 are in the initial stage of site selection and probably development will be in 1954.

Financial aspects of the Hawaii Housing Authority operations for 1951–52 may be summarized in a general way by saying that the average rental income was $38.08 per month per dwelling unit. This was 23 cents higher than last year and yielded a total dwelling rent income of $2,045,034 for the calendar year. The operating expenses averaged $24.09 per month per dwelling unit which was an increase of $1.58 over last year and amounted to a total of $1,289,262.84. Included as operating expense was $76,378 paid to the cities and counties as payments in lieu of taxes.

The development cost of 364 low-rent units in Honolulu is $4,673,000 and of the 28 large-size units in Puahala Project in Honolulu, $343,000. The development cost of 111 units to be constructed within the near

future at Palolo Emergency Homes is $1,226,000; at Kalihi Valley Homes, $4,700,000; and at Kalihi War Homes Annex, $1,600,000.

INDUSTRIAL RESEARCH ADVISORY COUNCIL

The Industrial Research Advisory Council, created by the 1949 legislature, was given additional duties and a broader scope of authority by the 1951 legislature. An appropriation of $375,000 for the 1951–53 biennium provides $50,000 for administration and exploratory efforts, items for which funds were not previously made available.

Active participation in the agricultural, industrial, and educational life of the Territory highlighted the activities of the Industrial Research Advisory Council in the year ended June 30, 1952.

Council members took an active interest in a series of four round-tables sponsored by the Chamber of Commerce of Honolulu on Papaya, Poultry, Truck Farming, and Pork Production.

Active participation in the Economic Education Program of the Department of Public Instruction was highlighted when Council members were the honored guests of the Kona Teachers' Institute on November 6, 1951, as part of the week-long workshop on Economic Education. A special IRAC meeting was held with teachers participating in a discussion of the IRAC program.

The Council was represented at the 11 Seminars on Economic Education conducted in Honolulu over a 6-week period early in 1952.

In addition to 16 regular Council meetings during the fiscal year 1951–52, four public mettings were held—two on the island of Hawaii, one on Molokai, and one on Oahu.

Five research projects activated during the 1949–51 biennium were renewed for the current biennium by awards of additional grants.

Three new research grants were awarded. These were:

1. Development of poultry rations from third-strike sugar. Grantee: College of Agriculture, University of Hawaii, $3,000.

2. Biology of the Aholehole, a potential baitfish. Grantee: University of Hawaii. $7,000.

3. Investigation on control of yellow bud blight and flower and spike rot of Vanda Miss Joaquim orchids. Grantee: College of Agriculture, University of Hawaii. $18,332.83.

A grant of $44,000 was made to the Trade Committee, Chamber of Commerce of Honolulu, to undertake a "Handicraft Development Project" commencing April 1, 1952. This grant was made from a separate appropriation of $50,000 designated by Act 217, S. L. 1951: "For extension of the Hawaiian handicraft surveys and continued support and assistance of the development of Hawaiian handicraft industries."

The handicraft project appears, in its early stages, to be well organized and to have an exceptional degree of community participation and interest. For the benefit of producers, wholesalers, and mainland and local buyers, a handicraft service center will be established during August 1952 in a Waikiki location. This project will be terminated June 30, 1953, unless it is the desire of the Legislature to continue this activity.

About 5,200 separate industrial, agricultural, anl economic research projects conducted in the Territory from 1930 to 1952 have been abstracted by a private survey firm, through a contract with the IRAC. These abstracts will be published during the latter half of 1952. The published catalog should prove highly valuable, not only to the IRAC, but also to all government and private agencies engaged in economic, agricultural, or industrial research.

Because of lack of adequate funds for plant quarantine inspection services to operators of recently established private treating plants in Hilo and Honolulu, the United States Department of Agriculture and the Territorial Board of Agriculture and Forestry could provide service to these plants only on an overtime basis to be paid for by the plant operators serviced. Long-established treating plants receive the inspection services free of charge.

To eliminate the inequities inherent in this situation, the IRAC entered into agreements with the United States Department of Agriculture and the Territorial Board of Agriculture and Forestry whereby any quarantine inspections that could only be made on an overtime basis would be paid for by the IRAC from its funds allocated to provide for treating plant construction and quarantine inspection services. This agreement became effective September 6, 1951, and is still in effect. However, the United States Department of Agriculture division of plant quarantines has informed the Council that it is revising its inspection schedules and increasing its staff to the point where these reimbursable overtime charges will be greatly reduced. The Council feels that its action in this matter prevented hardship on shippers of Hawaiian produce and relieved an unfair competitive situation imposed on private enterprise as a result of necessary quarantine restrictions.

Several promising developments have resulted from the work of the IRAC Food Processing Laboratory (grantee: University of Hawaii College of Agriculture), including products of passion fruit, guava, coconut, papaya, and avocados. The IRAC project conducting test shipments of Hawaiian fruits, vegetables, flowers, and foliage to Pacific coast markets (grantee: University of Hawaii College of Agriculture) was altered somewhat during the year to include a program of education for Pacific coast wholesale and retail dealers. The

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success and worth of this program have been adequately proven to the satisfaction of the Council. This work will continue through the coming fiscal year.

DEPARTMENT OF INSTITUTIONS

Office of the Director.—The fiscal year ended June 30, 1952, has been most fruitful in many respects. Lack of funds forced curtailment of some badly needed services, but in the aggregate it has been a very successful year.

This year saw the opening of the long dreamed of forestry camp for male delinquent juveniles in the older age group. Also of note is the coming of age of the industrial program of the Hawaii Prison System. In the field of public service, our greatest contribution was the completion of a road (a very rough one) to the summit of Mauna Loa, elevation 13,600 ft., where the United States Weather Bureau has established a temporary station to be expanded and made permanent as soon as improvements to the road will allow hauling of materials for the construction of permanent buildings.

Territorial Hospital.—The steady development of the treatment program, which had succeeded in stopping the gain in patient population, suffered a severe setback during the fiscal year. Due to greatly increased costs and a reduced budget, many services had to be curtailed with the result that the population again began to show a slow but steady increase. This trend, if allowed to continue, will seriously cripple the mental health program of the Territory and ultimately result in greatly increased costs.

The patient population at the end of the year was 1,132 as compared to 1,063 at the end of the previous fiscal year. The average per capita cost was $3.85 as compared with a per capita of slightly over $4.00 for the previous year.

By dint of rigid economies throughout the entire department, an anticipated deficit of about $100,000 was wiped out. Every possible step is being taken to stop this disastrous trend and to again get back on the through track to improved mental services to the people of the Territory.

Division of Training Schools.—Act 212 of the 1951 session of the legislature mandated the consolidation of Koolau Boys' Home and Kawailoa Girls' Home into one organization under a single administrative officer and specified that the superintendent of one should become the Superintendent of Training Schools and the superintendent of the other should become the Assistant Superintendent of Training Schools. This reorganization and consolidation was initiated early in the fiscal year and is now beginning to function.

Perhaps the outstanding accomplishment from the viewpoint of the department and the courts is the activation of the new Mauna Loa Forestry Camp on the island of Hawaii. This is a CCC type camp to which will be transferred most of the male wards of the Division of Training Schools who are in the 16 to 19 years age bracket. The program being developed will offer a real challenge to these young men; and the enthusiasm with which the first cadre, sent to Mauna Loa in April 1952, responded to the challenge augurs well for its eventual success.

The population at both schools continued to decline throughout the year. At the end of the fiscal year the combined population was 165, distributed as follows:

Koolau Boys' Home	73
Mauna Loa Forestry Camp	19
Kawailoa Girls' Home	73

This compares with 111 boys and 82 girls for a total of 193 at the start of the year. The per capita for this year was $6.61 as compared with a per capita of $6.30 in the previous year.

Hawaii Prison System.—In line with the policy of more centralized administrative control, the entire prison system was set up under the above designation. The system is now composed of three major and two minor units; namely, Oahu Prison, Kulani project on Hawaii, and Olinda Camp on Maui. Operating out of Kulani is the Kona-Hilo Road Camp and out of Olinda is the Kahakuloa Road Camp.

The industrial program in the system has gone into high gear during this year.

Oahu Prison's largest single project was the manufacture of 11,000 chairs for the city and county. Kulani project furnished koa lumber for this job, and Oahu Prison dried and processed the lumber and fabricated the chairs. This was quite a notable achievement considering the fact that the machinery had to be installed, jigs and patterns cut, men trained in machine and hand operations, and assembly lines set up. The entire contract was completed in less than 11 months to the great satisfaction of all concerned.

Kulani's big projects included, in addition to logging, the development of farm areas and pasture land, the Mauna Loa Summit Road and Kona-Hilo Road, and an enormous road and building maintenance program. In addition, a start has been made on the new, fireproof, medium security, permanent building to be built entirely by prison labor under the direction of a handful of skilled tradesmen.

Olinda's big project was and is the so-called Kahakuloa-Wailena Gulch road. When completed sometime in late 1952 or early 1953, this road will provide access to the hitherto inaccessible "small end"

of Maui and will be the final link in a belt road completely circumnavigating the island.

The training and treatment program has continued to be expanded, and all prisoners are given an opportunity to take advantage of educational, vocational, and religious training facilities and are encouraged and advised to improve their education and skills to the utmost. The Inmates Council is given a voice in the conduct of prison management and prison projects, and many worth-while suggestions have been received from the council.

Waimano Home.—General progress is reported by Waimano Home, the institution for feeble-minded and epileptic persons, during the year.

The physical plant of the Female Division was given a decided lift when the new kitchen, dining room, laundry, and boiler-house units were placed in full operation during the first week of July 1951.

During the year there were 26 first admissions to Waimano Home. The population on June 30, 1952, was 686. The average daily population for the year was 663. Although only 26 patients were admitted during the year, there are 565 persons on the waiting list who cannot be accepted until space and staff are available. About 20 percent of the waiting list are considered very urgent cases. Increasing pressure is being exerted on the courts to commit these urgent cases, and how long the courts will be able to withstand this pressure is problematical. There were 13 conditional discharges, 15 unconditional discharges, 9 deaths, 296 home leaves, and 15 escapes during the fiscal year.

Expenditures for this period amounted to $698,522.18 from the general fund and $43,971.98 from the special fund, or a total of $742,524.16, as compared to $779,428 for the previous fiscal year. The per capita per diem cost was $3.005 against $3.29 for the previous year. In times of rapidly increasing prices, this per capita of $3.005 represents a much greater cut in services than the dollar figure indicates.

The treatment program has made progress as a result of better facilities and the assistance from the Territorial Hospital staff. Electric shock and insulin therapy treatments are being administered at Waimano to patients requiring such treatments.

Division of Parole and Homeplacement.—Continued intensive precommitment services by the Juvenile Court probation officers, combined with more thorough parole service by the Division of Parole and Homeplacement, have tended to still further reduce the population of the training schools by delaying commitment if any possibility existed for further probationary control and by cutting down revocation of parole by intensified parole services. This, of course, has lightened the case load of parole officers, which again makes possible

closer relationships between the parolee and the officer. Also, a fairly large number of older parolees have been discharged from supervision on the basis of outstanding parole and scholastic records.

During the fiscal year of 1952, post-institutional care and guidance were provided for 443 persons. This was a decrease of 15 percent in the case load of the previous year. This reduction in case load has made it possible for the department to transfer a parole officer to the adult parole board, thus relieving somewhat an impossible case load there.

The program provided individualized case work services to meet the needs of the clients who were paroled from the two homes for delinquent youth or who were granted conditional discharge from Waimano Home.

Total cost of the services for the year was $78,171.66.

Board of Paroles and Pardons.—The Board of Paroles and Pardons, successor to the Board of Prison Directors, completed its thirteenth year of operation on June 30, 1952. It is charged by law with the fixing of minimum terms of imprisonment and the paroling and supervision of adult felons. In addition, it makes recommendations to the Governor in reference to petitions for executive clemency which may be addressed to it or referred to it by the Governor.

During the 12 meetings held within the fiscal year, the board fixed minimum sentences in 156 cases, granted 211 releases on parole, recommended 49 pardons which were subsequently approved, and revoked parole in 69 cases. As of June 30, 1952, there were 973 persons on parole, 352 being out of the Territory.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

Labor-management relations in the Territory continued to improve during the past fiscal year.

A sharp decrease was noted in the number of work stoppages and man-days lost as the result of labor disputes compared with previous years, indicating that industrial relations are becoming more stabilized as both employers and unions reach maturity.

The level of employment was higher than during any postwar year. Employment in the Territory totaled 183,800 at the close of the fiscal year, 1,800 higher than at the outset. Average monthly employment was 184,600, compared with 177,400 in 1951.

The year began with an estimated 9,700 persons unemployed, decreasing to 7,200 in May 1952. By the end of the year the figure increased to 10,200 reflecting graduation from high schools and the University of Hawaii of some 6,800 youths. More than 50 percent of these students have indicated they will seek employment.

Major factors contributing to the relatively low level of unemploy-

ment were: (1) continued hiring of civilian workers in military installations and private industry; (2) net out-migration of population estimated at 19,000 to the Mainland and forward areas of the Pacific; (3) induction of some 3,200 young men into the Armed Forces; (4) continued expansion of the tourist industry.

Another indicator of improved business conditions in the Territory was a decline of 11 percent in employment security benefit payments during the fiscal year. Payments totaled $1,970,836, representing a decrease of $247,661 compared with the previous year. During the year 1,549 persons received their 20 full payments, whereas in the previous year, 3,056 or 49 percent more claimants exhausted benefits.

The trust fund balance was $23,193,787.33 at the end of the year, or 4.5 percent above the June 1951 balance. Collections from employers remained about the same as the previous year; but, because of the smaller withdrawals for benefit payments, there was an increase in the trust fund of almost $1,000,000.

The number of employers subject to the Hawaii employment security law decreased slightly from 8,625 a year ago to 8,453 at the end of fiscal 1952.

Unemployment insurance claims declined 5.1 percent during the fiscal year. Total claims numbered 161,384, compared with 170,017 in 1951. Initial claims increased 9.7 percent, totaling 20,701, compared with 18,864 in 1951.

The Territorial Employment Service made 12,254 placements during 1952, compared with 12,878 the previous year. One-third of all job placements was in the construction industry, followed by 22 percent in wholesale-retail trades.

Job seekers made 272,144 visits to the local offices during the year, compared with 380,000 in fiscal 1951. New applications for work totaled 16,965, a drop of 16.1 percent from 1951.

A total of 2,356 counseling interviews were conducted in local offices during the year, compared with 1,646 the previous year, while 2,515 aptitude and proficiency tests were given, a 17-percent increase over 1951.

Salaries and wages paid industrial workers covered by unemployment insurance in the Territory during the calendar year 1951 totaled $272,253,727, compared with $245,492,646 in 1950. The average weekly wage increased from $51.77 in 1950 to $54.53 in 1951.

Industrial injuries continued to be a serious problem in the Territory. They averaged 1,922 per month for a total of 23,064 for the fiscal year, or 5 percent over 1951.

The direct costs to employers and insurance companies as a result of such injuries amounted to $1,608,295. Indirect costs to the economy of the Territory were estimated at $6,433,180.

Formal mediation of labor disputes was entered into by the Department in five instances during the year. In two cases a strike was already in progress before departmental assistance was accepted and in both cases the Department was able to effect a return to work. The remaining three disputes were successfully settled without work stoppages.

Many informal meetings were held with both labor and management throughout the year. It is felt that our efforts in analyzing and discussing the varied problems that arose assisted materially in maintaining and preserving amicable industrial relations.

The consumers' price index for Honolulu registered a gain of 2.8 percent during the year, compared with 6.7 percent in 1951. This follows closely the Mainland index change of 2.4 percent in the current year. Since the outbreak of the Korean war, the Honolulu index has increased 9.6 percent and 12.6 for food items.

Apprenticeship training in the Territory declined slightly during the past year due largely to the insufficient number of eligible applicants who are not subject to draft into the Armed Forces. However, the building and construction industry registered gains both in number of apprentices and active employers.

A higher starting wage scale and greater utilization of the apprentice's services during the early part of his program helped to sustain the level of apprentice registrations.

With the passage of the new GI bill extending training benefits to Korean veterans similar to those provided for the World War II veterans, an increasing number of registrants in this field of training is anticipated.

A total of 317 claims was filed in the current year compared with 411 the previous year for a decrease of 23 percent. The average amount per claim dropped from $102.67 in 1951 to $76.50 this year, a decrease of 25 percent.

During the past fiscal year a total of 1,273 wage and hour inspections were conducted, involving the employment of 16,606 workers. As a result of these inspections 677 employees received additional wages amounting to $33,011.48.

The violations found during the year were committed by 135 employers or about 11 percent of the firms inspected throughout the islands.

Child labor certificates issued by the department increased 58 percent over the previous fiscal year with 8,480 minors certified for employment. This is the greatest number issued since 1947–48, and is a further indication of increased business activity and reduced unemployment.

Registrations for pineapple cannery work exceeded any previous year by about 10 percent as over 12,000 applications were taken from youths applying for jobs with the various canneries.

Although unemployment has reached a relatively low level, the larger portion of the unemployed force continues to consist of youths with little or no work experience. Demands have been chiefly for skilled and experienced workers, and labor shortages have continued throughout the year in several defense connected skilled occupations. The proportion of youths to the population in the Territory is considerably higher than the national average; and the volume of school graduates will increase steadily during future years considering that during 1952 there were approximately 6,200 youths graduating from local high schools, but more than 12,000 children were enrolled in the first grades.

Consequently, a joint committee on guidance and employment of youth has been organized to assist students graduating from high schools and colleges in obtaining jobs. It is a joint project involving the Department of Labor and Industrial Relations and the Territorial Department of Public Instruction.

Objectives of the committee are: (1) to determine the number of youths seeking local employment following graduation; (2) to determine the type of job they are seeking; and (3) to help them secure work.

Work Stoppages, Fiscal Year 1952

Industry	Work stoppage	Workers involved	Man-days idle
Total	38	10,679	101,767
Sugar (mill and field)	15	7,253	33,097
Pineapple (cannery and field)	2	800	1,675
			*44,900
Transportation:			
Air	1	100	300
Bus	2	470	1,000
Stevedoring	6	546	2,283
Construction	4	76	1,365
Wholesale-retail trade:			
Dairy products	1	9	65
Building supplies	3	596	2,942
Food products	2	29	640
Service (hotels)	2	800	13,500

* Loss due to strike in effect on July 1, 1951, and terminated September 14, 1951.

DEPARTMENT OF PUBLIC LANDS

Since the time of the Great Mahele in 1848, the government lands and crown lands have gradually been sold and leased to the end that

they be allotted to their best use. Lands that may be developed over and above their present use will require considerable planning and money.

Because of unprecedented demand by the citizenry of Hawaii for homesites, farms, and decent housing at prices they can afford, the Department of Public Lands has embarked on a long-range program of developing houselots, farm lands, and business sites on all major islands. Such planning should help to meet the land and housing requirements of our steadily growing population.

The following subdivisions which have gone beyond the planning stage will help carry out the policy of the administration to make suitable public lands available for houselots and homesteads: Waiau house lots on Oahu, consisting of 3.71 acres, being subdivided into 21 lots, averaging 6,500 square feet in size; Fort Ruger house lots on Oahu, consisting of 19 acres, being subdivided into 85 lots, averaging 8,500 square feet in size; Puu-O-Hulu house lots on Oahu, consisting of 15 acres, being subdivided into 7 lots, averaging 2 acres in size; Upper Olaa lots on Hawaii, consisting of 1,000 acres, being subdivided into 33 agricultural lots, averaging 29.5 acres in size; Waiakea house lots extension on Hawaii, consisting of 26 acres, being subdivided into 94 lots, averaging 53,000 square feet in size; Lalamilo house lots on Hawaii, about 200 lots fronting the road leading to Kawaihae and Kohala, now being subdivided by the Survey Office into 1-acre parcels; Puako beach lots on Hawaii, consisting of 163 lots, averaging 14,000 square feet in size; Hamoa beach house lots on Maui, consisting of 28 acres, being subdivided into 67 lots, averaging 10,000 square feet in size; Kamaole beach lots on Maui, consisting of 30 acres, being subdivided into 97 lots, averaging 10,000 to 20,000 square feet in size; Weliweli house lots on Kauai, consisting of 10 acres, being subdivided into 24 lots, averaging 15,000 square feet in size.

The enactment of House Resolution No. 4408 which permits the sale of public lands for business undertakings "deemed to be in the interest of the development of the community," and House Resolution No. 4799 which provides for the fee-simple sale of public lands in cash for farming purposes to persons qualified under the Homestead Act and the Bankhead-Jones Farm Tenant Act should help in stimulating home ownership, farms, and community development.

Collections.—Collections from all sources for the fiscal year amounted to $1,679,301.39, a decrease of $295,233.07 from the collections of $1,974,534.46 for the previous year. The fiscal year collections segregated by sources are as follows: land rentals—$1,069,243.12; water and land licenses—$128,400.05; sales of public lands—$316,648.15; interest on sales of public lands—$23,747.35; fees—$10,413.75; sales of commodities—$44,391.31; sales of publications—

$39.38; temporary deposits—$14,502.79; and highway fund, special 3101—$71,915.49.

Land Patent Grants.—One hundred seventy-one land patent grants were issued conveying a total area of 420.431 acres, valued at $275,878.78, and one patent on land commission award confirming title to an area of 4.75 acres, without any commutation.

Deeds.—A total of 828 deeds were consummated during the past year by the Territory of Hawaii, the City and County of Honolulu, and the various counties of Hawaii, Maui, and Kauai by which a total of 823,640 acres of land was acquired for a consideration of $3,531,009.73 and 60.047 acres of land were conveyed to various private owners for a consideration of $27,563.74.

Executive Orders.—Seventy-four executive orders were issued, of which 39 set aside 28,400.975 acres for the use of various departments, 16 withdrew 6,055.030 acres from previous executive orders, and 19 canceled executive orders containing 1,485.957 acres.

Auction Sales.—Eleven auction sales of public lands and general leases were advertised, resulting in the issuance of 151 leases and agreements, covering a total area of 7,535.877 acres. The total upset price was $188,729.67 and the total sale price was $217,846.13, an increase of $29,116.46.

Division of Hydrography.—The Division of Hydrography has cooperated with the United States Geological Survey, the county governments, and occasionally with private organizations in the investigation of the water resources of the Territory. The surface water branch maintained 133 continuous gaging stations during the year on important streams and ditches, and a hydraulic laboratory for investigation of the characteristics of the streams and determining flood ratings, and made several special studies for the Commissioner of Public Lands mostly in connection with the evaluation of water licenses.

The Division of Hydrography also administered the Territorial laws relating to the conservation of artesian waters, and inspected all drilling, repairing, and sealing of wells during the year. The data collected will be published by the United States Geological Survey in their annual Water Supply Papers.

Bureau of Conveyances.—Number of Documents Filed and Recorded:

Regular system	Land court system	Total	Land Court certificates of title issued
21,969	11,221	33,190	3,019

Deeds filed and recorded totaled 8,232.

These deeds conveyed land with an approximate value of $45,725,-500 for an average consideration per deed of $5,555.

Receipts and Disbursements.—Total receipts were $165,383.70 and total disbursements were $163,501.29.

LAW ENFORCEMENT

For the first time since the year ended June 30, 1948, there was no session of the legislature during the year. While free of the pressure of legislative work, the legal department of the Territory was kept busy with an ever-increasing volume of work of great variety. Most of the matters worthy of note during the fiscal year were in the field of litigation.

The Territory was engaged in one of the most widely publicized cases in recent years, a habeas corpus proceeding brought in behalf of John Palakiko and James Edward Majors, who were convicted of first degree murder and sentenced to death on July 16, 1948, for the murder of Mrs. Theresa A. Wilder and whose conviction has been affirmed by both the Supreme Court of the Territory and the United States Court of Appeals for the Ninth Circuit. The case was extraordinary in several respects, one of which was that it involved a full trial and hearing on the facts as well as on the law before the Supreme Court of the Territory. It rested on the novel claim that defendants in a criminal case are entitled to a retrial of constitutional issues in a habeas corpus proceeding even though they were raised and determined in the criminal case. After a very extensive hearing, which engaged practically the full time of the court from November 13, 1951, to December 12, 1951, inclusive, the court denied the petition, discharged the writ, and remanded the prisoners to custody. The case is pending upon appeal before the Ninth Circuit Court.

Another unusual case was an appeal from an order of the Office of Price Stabilization. On July 19, 1951, by order of the Honolulu office of the Office of Price Stabilization, the Board of Harbor Commissioners was ordered to roll back its wharfage rates to those in effect during the base period from December 25, 1950, to January 19, 1951. A protest, as required by law, was filed with the head office of the Office of Price Stabilization in Washington. The protest was dismissed and an appeal was filed with the Emergency Court of Appeals. Pending the appeal, the regulations were modified so as to exempt the Board of Harbor Commissioners. Thereupon the appeal was dismissed with the consent of the Territory on the ground that the proceeding had become moot as a result of the amendment of the regulations.

Eminent domain proceedings for the acquisition of land for several important projects, including arterial highways and housing projects, were instituted during the year.

The Territory filed a brief as amicus curiae in support of the petition for certiorari in the Supreme Court of the United States seeking review of the Ninth Circuit's decision in *Marks, et al* v. *United States*, 187 F. 2d 724. Disagreement with the decision was in respect of the construction of section 91 of the Hawaiian Organic Act, the Ninth Circuit having said that even if there had not been, in the lease held by the petitioners, a clause providing for withdrawal of the land from the lease for public use, section 91 would have had the effect of permitting such withdrawal for the use of the United States without compensation. Certiorari was denied on October 8, 1951, and in *Chun* v. *United States*, 194 F. 2d 176, the Ninth Circuit followed its decision in the *Mark* case. Neither case squarely presented the issue as to the construction of section 91, since in each case there was a withdrawal clause in the lease.

Also, there have been further proceedings in a number of cases mentioned in the last report.

With the denial of certiorari on October 22, 1951, the decision of the Court of Appeals for the Ninth Circuit in *Ackerman* v. *ILWU*, 187 F. 2d 860, became final. The Ninth Circuit's decision was cited in *Stefanelli* v. *Minard*, decided December 3, 1951, 342 U. S. 117, and constitutes a notable contribution to the law concerning noninterference of Federal equity courts in State and Territorial criminal proceedings.

The litigation between the Meyers and the Territory concerning ownership of certain land on the island of Molokai reached a decision in the Supreme Court of Hawaii on May 19, 1952. The court upheld the Territory and directed that the application of the Meyer corporation for a land court decree be dismissed unless amended so as to omit the land claimed by the Territory. However, the Meyers have noted an appeal to the Court of Appeals for the Ninth Circuit. As to other Meyer land needed for the Molokai forest reserve, the title to which is not disputed by the Territory, condemnation of forest-reserve easements has been completed.

The tax case of *McCaw and Keating* v. *Westly*, which as noted in the last report was dismissed without prejudice by the United States District Court for the District of Hawaii, came to trial in the circuit court of the Territory in January 1952 and was decided in favor of the Territory. The case involves the right of the Territory to apply its general excise tax to the broadcast receipts of radio stations. In the circuit court, the Territory established that such broadcast receipts are derived entirely from broadcasting to the Hawaiian audi-

ence, this being true upon consideration of all relevant factors and particularly the geographical situation of Hawaii in relation to out-of-State audiences. The case is on appeal to the Supreme Court of Hawaii and undoubtedly will go to the Ninth Circuit.

In the proceedings for condemnation of lands for the new Nuuanu Pali Road, an order of possession was entered August 17, 1951, but the matter remains pending on four motions to vacate the order.

Of the matters outside the field of litigation, the following are deemed worthy of note:

In the matter of collection of the Territory's 2-percent compensation and dividends tax from Federal employees working in the Territory, we have proceeded along two lines, one being the working out with the Navy of methods looking toward increased responsibility for such tax payments by the Navy's civilian employees similar to methods worked out with other branches of the Armed Forces and Federal departments. Other efforts were toward obtaining Congressional legislation along the lines indicated by Joint Resolution 2, S. L. 1951.

In the last days of the Eighty-second Congress, the Flanders bill, S. 1999, was enacted. This provides for an agreement to be made by the Treasury Department for withholding of State and Territorial taxes under conditions set forth in the bill. The bill was enacted in an amended form with a much more narrow application than the original bill would have had. However, we feel that Hawaii will be covered by this legislation, that withholding of the 2-percent tax by the Federal Government now can be secured, and that the purposes of J. R. 2 will be carried out.

Considerable time has been devoted to effecting the return to the Territory of various parcels of ceded land held by the military. Though we have met with success in the instances noted below, the process of effecting a return is usually regretfully slow.

Among the most recent returns was the municipal market site in central Honolulu. Though the mechanics for a return of ceded land is usually that of the President exercising his powers under section 91 of the Hawaiian Organic Act, this return was effected by Public Law 296, Eighty-second Congress. The reason for congressional action in this instance was to save further delay by obtaining at the same time Congressional authority to exchange the land involved for other privately owned land without regard to limitations imposed by section 73 (1) of the Organic Act.

A portion of the ceded lands required for the pier 2 expansion project was obtained by Executive Order 10309, dated December 5, 1951. Other portions are still in the process of being returned. Unfortunately, H. R. 6581, Eighty-second Congress, a bill which we prepared and which would have facilitated the return of two badly needed parcels, was not enacted into law before Congress adjourned.

By Executive Order 10268, dated July 5, 1951, portions of the Fort Ruger military reservation were returned to the Territory, and by Executive Order 10342, dated April 12, 1952, Sugarloaf military reservation was returned.

One factor of considerable significance in the field of law enforcement was the existence of vacancies in the several divisions of the Circuit Court of the First Judicial Circuit. With as many as five of the seven judgeships being vacant at one time, the resulting delay in the administration of justice reached a critical point. For example, the number of pending criminal cases increased from 417 at the beginning of the year to 682 at the end of the year.

Courts.—During the year the courts of the Territory disposed of cases as follows:

	Number of cases disposed of
Supreme Court	61
First Circuit Court	5,041
Second Circuit Court	612
Third Circuit Court	1,146
Fifth Circuit Court	466
Total	7,326

The Land Court received 27 applications during the fiscal year and issued 29 decrees. A total of 76 applications were pending at the close of the year. In addition, 747 minor petitions were filed and granted during this period.

The United States District Court, Honolulu, concluded 820 cases during the fiscal year. A total of 995 new cases were filed during the year. Cases handled by the court included 6 admiralty, 56 bankruptcy, 97 civil, 109 criminal, and 15 habeas corpus. In addition 537 petitions for naturalization were processed. New petitions for naturalization filed during the year totaled 451.

PUBLIC LIBRARIES OF HAWAII

Library agencies throughout the Territory report great gains in all phases of their service. On Oahu alone three new branch libraries were built. The Waialua Branch is a small plantation-type building, while those at Waipahu and at Waikiki-Kapahulu are large, beautiful structures that will adequately serve our needs for many years. Maui enlarged its main library at Wailuku with the addition of a new Hawaiian and music room, and Kauai has completed its plans for a new Kapaa Branch, funds for which have been appropriated.

Approximately 106,786 readers borrowed 1,943,491 books, periodicals, and pamphlets during the year. Of these, 1,035,444 were juvenile books, showing how large and important a part of our work is the service to children.

In line with recent trends in the Mainland library field, our libraries

are becoming increasingly conscious of the value of visual-aid material and have taken steps to increase their work in those fields. Libraries on all the islands now have record collections which may be borrowed by music lovers for home use. The Library of Hawaii has built up a collection of motion picture films, now numbering 204, which it loans to groups on Oahu as well as to the outside islands. Free movie programs are shown weekly in the main library and in some of the larger branches and attract large audiences. Exhibits and displays are a part of the educational features of many of the libraries and the Library of Hawaii patio is booked a year in advance for its shows by local artists.

Shortage of staff, particularly in the field of children's work, has for many years been a problem to all of the libraries, and this year was no exception.

HAWAII NATIONAL GUARD

Strength and Organization.—Over-all strength of the Hawaii National Guard declined by 94 during the year to 5,918 on June 30, 1952. The decline was entirely in army units, with air units showing an increase of 58 men. The losses are attributed to changes in Selective Service deferment policies.

Major organizational changes were made during the fiscal year. The first was the reorganization in July 1951 of the 109th Aircraft Control and Warning Squadron as a fixed, rather than a mobile, type squadron. On January 1, 1952, Headquarters Hawaii Air National Guard was organized at Fort Ruger to provide an air staff for the Adjutant General.

Funds and Employees.—Federal funds totaling $2,840,981 were obligated in support of HNG activities during the fiscal year. Territorial funds expended during the same period totaled approximately $471,417.

Permanent employees on July 1, 1951, included 264 Federal and 84 Territorial and by June 30, 1952, were increased to 310 Federal and 85 Territorial.

Training and Inspections.—HNG units continued to train under the 3-year National Guard Training Program during fiscal year 1952. Armory drills were devoted to individual and small unit training, and week-end drills to weapons qualification firing and outdoor small unit tactical training. Field training, conducted during the period June 5 to July 7, 1952, cost $625,698 in Federal funds and $52,456 in Territorial funds. The units at camp stressed individual training, combat firing of all weapons, and the administering of Regular Army training tests to all units to determine their proficiency.

In the field of civil defense training, the National Guard helped to

prepare, and participated in two training exercises—the first in Hilo on November 18, 1951, and the second in Honolulu on March 23, 1952.

The Selective Service Section of the Headquarters Detachment at Fort Ruger, Honolulu, initiated, during the year, a program of training in Selective Service operations, which included on-the-job training with the Selective Service Headquarters for Hawaii.

Inspections of the HNG by the Regular Army and Air Force during the fiscal year included the armory inspections, field training inspections, and technical inspections of chemical, signal, and ordnance equipment. On the armory inspections, out of a total of 61 company and battery size units, 14 were rated "Superior"; 34, "Excellent"; and 13, "Satisfactory." No units were rated unsatisfactory.

Armory Construction Program.—Considerable progress was made during the fiscal year on the armory construction program provided under Public Law 783, 81st Congress. The National Guard Bureau allotted $198,712 in Federal funds to match the $58,750 appropriated by the 1951 Territorial Legislature for the construction of a three-unit armory in Hilo, Hawaii. Administrative procedures for operating the program, including the form of a construction agreement between the Territory and the Federal Government, have been clarified. Plans and specifications for a standard three-unit armory have been received, and a contract for architectural and engineering services to modify that basic design was in the process of negotiation at the end of the year.

NURSING EDUCATION

The Commission on Nursing Education and Nursing Service was created by the legislature of the Territory of Hawaii during its session in 1951.

The duties of the Commission as authorized by this act were to survey and evaluate existing facilities for nursing and nursing services in the Territory and to make recommendations to the Governor or any Federal or Territorial department or agency concerned with matters affecting nursing service or nursing education.

The first objective of the Commission was to prepare a report based on the survey of Territorial nursing needs made by the Federal Security Agency. This report, suitable for distribution to all groups interested in nursing service, has been written and is now being printed.

The Commission is collecting information on all nursing scholarships available to island students.

NATIONAL PARK SERVICE

The outstanding event of the 1952 fiscal year in Hawaii National Park was the eruption of Halemaumau, the fire pit of Kilauea Volcano.

The 18-year quiescence of this world-famous volcano ended on the night of June 27 when it resumed activity. A yawning depression 3,100 feet in diameter and 750 feet deep, Halemaumau is located in the southwest corner of Kilauea Crater, constituting a unique crater within a crater. It is the legendary home of Pele, the Polynesian goddess of volcanoes.

Since western man first observed this volcano in 1823, and until 1924, Halemaumau was almost consistently active. In 1934 it produced a short-lived eruption, then began a period of dormancy which the 1952 activity brought to an end.

Halemaumau is the world's most accessible volcano, for visitors can drive to within 300 feet of its rim over a modern surfaced highway. This ease of accessibility made it possible for 51,360 visitors to view the spectacle within the first 56 hours after the eruption began.

The usual forewarning preceding such activity, which takes the form of a consistent and perceptible earthquake pattern accompanied by a tilting of the ground, did not occur in this case, diverging from the normal. The initial outpouring of lava occurred along a 3,000 foot fissure in the floor of the fire pit, producing a molten curtain of fire that reached a height of 400 feet and a cauldron of seething, boiling lava. The main fountain, in the southwest corner of the pit, reached a height of 700 feet and thrust large blobs of incandescent pumice and clouds of gas, fume, and steam into and over the adjoining park highway. These pumice blobs glowed as they sailed through the air and spattered on the ground, then became extinguished. Several inches of pumice were deposited on the nearby park highway.

The most acute safety problem in the history of the National Park System has developed from this eruption. All visitors receive warning that they approach the rim of the fire pit at their own risk, but this does not dissuade them. An elevated steel ramp away from the unstable rim—one that would permit visitors to view the eruption without approaching the edge—has been suggested as a possible solution to the problem.

Visitors to the park during the fiscal year numbered 497,563, as compared to 432,940 during the 1951 fiscal year.

Park facilities were inspected during the year by the Hon. Oscar L. Chapman, Secretary of the Interior; Hillory A. Tolson, Assistant Director of the National Park Service; and Lawrence C. Merriam, Regional Director, Region 4, National Park Service, San Francisco. The inspection visits of these officials were of great value in connection with the park's management, protection, maintenance, and rehabilitation programs.

Development of the park museum, which was initiated in February 1950, made progressive strides forward throughout the year. Hui O

Pele donated an additional $2,000 for the museum project, bringing to $11,950 the amount donated by the organization thus far. Hui O Pele was organized in 1923 to perpetuate the name of Pele, the Polynesian goddess of volcanoes. All of its funds are derived through the sale of membership certificates and subscribed to the park for improvements. When completed, the museum will be the finest of its kind in the Territory.

Public camp grounds, picnic areas, utility systems, buildings, and other parts of the park's physical plant continued to be rehabilitated throughout the year. Major park roads were sealcoated and trails received a substantial amount of maintenance. The park's physical plant is considered to be in the best condition since the prewar years.

Extension of the park's boundaries, as authorized by the act of June 20, 1938 (52 Stat. 781), progressed during the year with the signing by the Governor of two executive orders transferring possession, use, and control of 22,682 acres of land to the park. These lands are in addition to the 25,960 acres transferred by executive order in January 1951. Condemnation suits covering the privately owned tracts within the authorized extension are now pending in the courts, and transfer of title will be completed following termination of jury trials. In the meantime the park has assumed protective custody over the lands.

During the year a special use permit was issued to the Territorial Government to enable the extension of the Mauna Loa Road into park lands on the summit of the mountain. The road is being constructed by Kulani Prison inmates and will be opened to public travel after it is improved sufficiently. A special use permit authorizing the United States Weather Bureau to construct, maintain, and operate a meteorological observatory on the summit of Mauna Loa was also issued during the year. This has made possible the recording of daily weather data at this high elevation in the Pacific for the first time in history.

Collaborators Theodore Kelsey and Henry E. P. Kekahuna undertook archeological studies at the proposed City of Refuge National Historical Park early in May and continued them through the end of the fiscal year. These studies were made possible through a special allotment of funds made by the service and a subsidy from the Hawaii Natural History Association. This represents the first time that the Federal Government has undertaken such investigations in the area.

POPULATION TRENDS

The estimated civilian population of the Territory of Hawaii was 466,072 as of June 1, 1952, the latest available figure at this time. This represents a decrease of 6,530 in the 11 months' period since July 1, 1951.

The latest available figures by geographic area and by race are those for January 1, 1952, when the civilian population was estimated at 470,747. The county of Honolulu at that time had an estimated civilian population of 326,923, or 69.4 percent of the total population. The population of the city of Honolulu was estimated at 236,370, or 50.2 percent of the total population.

As of July 1, 1951, the Caucasian group accounted for 16.6 percent of the total population. By January 1, 1952, this group had dropped to 16.0 percent. During the year 1951, the Caucasian group dropped 8.0 percent due to emigration. The largest ethnic group is the Japanese totaling 186,969 or 39.7 percent of the total population as of January 1, 1952.

The table below shows the civilian population of the Territory by geographic area and by race as of January 1, 1952.

Civilian Population Estimates, Territory of Hawaii, January 1, 1952

Geographic area	January 1, 1952		July 1, 1951	January 1, 1951	Percent change January 1, 1951—January 1, 1952
	Number	Percent			
Territory of Hawaii	470,747	100.0	472,602	474,332	−0.8
County of Hawaii	66,601	14.1	66,330	69,066	−3.6
City of Hilo	26,659	5.6	26,481	27,578	−3.3
Balance of county	39,942	8.5	39,849	41,488	−3.7
County of Honolulu	326,923	69.4	328,426	325,190	+.5
City of Honolulu	236,370	50.2	237,651	235,513	+.4
Balance of county	90,553	19.2	90,775	89,677	+1.0
County of Kalawao	321	.1	315	364	−11.8
County of Kauai	29,561	6.3	30,117	30,554	−3.2
Island of Kauai	29,357	6.2	29,912	30,368	−3.3
Island of Niihau	204	.1	205	186	+9.7
County of Maui	47,341	10.1	47,414	49,158	−3.7
Island of Lanai	2,790	.6	2,846	2,942	−5.2
Island of Maui	39,792	8.5	39,453	41,251	−3.5
Island of Molokai (excluding Kalawao)	4,759	1.0	5,115	4,965	−4.3

Race	January 1, 1952		July 1, 1951	January 1, 1951	Percent change January 1, 1951—January 1, 1952
	Number	Percent			
All races	470,747	100.0	472,602	474,332	−0.8
Hawaiian (including part Hawaiians)	91,507	19.4	90,683	89,813	+1.9
Caucasian	75,238	16.0	78,477	81,806	−8.0
Chinese	33,543	7.1	33,499	33,430	+.3
Japanese	186,969	39.7	186,609	186,218	+.4
Filipino	61,252	13.0	61,185	61,024	+.4
All others	22,238	4.8	22,149	22,041	+.9

N. B.—All estimates based on final total and preliminary geographic and racial figures of the April 1, 1950, United States census minus members of the Armed Forces as of the census date. Estimates are derived by use of data pertaining to births, deaths, migration, and inductees into and discharges from Armed Forces. All others include Puerto Rican, Korean, Negro, Samoan, etc.

DEPARTMENT OF PUBLIC INSTRUCTION

What may well prove to be the most significant development of the past year is the pioneer work that was done in the field of economic education. Under the leadership and sponsorship of the Department, a 6 weeks' seminar was successfully completed with an average attendance of 130 teachers, business representatives and representatives of labor unions. The seminar was preceded by two workshops on the island of Hawaii and is being followed by workshops on all islands.

The in-service training program has continued to expand in all areas and is affecting an ever-increasing number of teachers and principals. A total of one hundred and twenty-two workshops or study groups were held during the year.

Two pilot project schools in reading were estabished, one in a rural elementary school and one in a city intermediate school. Twenty-four workshops were held in art education, reaching a total of 666 teachers who are handling 21,312 pupils.

A new field entered during the year was in work with mentally handicapped children. The personnel of the Health Education and Pupil Guidance Offices have been cooperating with the Honolulu District Office in planning for and carrying through a pilot project of two classes for slow learners between the ages of 8 and 11 years at Aliiolani School. The University of Hawaii Psychological Clinic and the Board of Health participated in this work. The classes will be continued next year at Liliuokalani School and two to four other groups will be formed.

The department agreed to a request to coordinate the efforts of some 60 community groups interested in combating the growing narcotics menace in the Territory. A teaching guide is being developed as one of the outcomes of this effort.

A group of high school teachers has developed an over-all unit on Communism which will become a part of the course in American problems offered to high school seniors.

New vocational training programs have been inaugurated at the post-high school level in business training and in floriculture. Special emphasis has been placed on advisory committees in the trade and agricultural fields involving many community persons in planning and evaluation. District and Territorial conferences of Future Farmers and Future Homemakers have stressed leadership training. Enrollments increased in all vocational fields except the trades, where Selective Service and increased employment opportunities were responsible for a substantial drop.

A full-time resident vocational rehabilitation counselor was assigned to the island of Maui in October 1951.

A thorough study of the problems of citizenship education was made by the Adult Education Council and the year's work culminated in a 6-hour community-wide Citizenship Conference to which 113 organizations sent 152 delegates.

The school building program is moving ahead and several excellent new plants were completed during the year. A 6-year plan for the island of Oahu (where the increase in enrollment is concentrated) has been made.

Our entitlement under Public Law 815 for construction of school facilities stands at $5,992,904, of which $800,000 was allotted during the year.

During the year we received $428,129 under Public Law 874 for current operations for the year 1950–51. We expect approximately the same amount for the year 1951–52.

Enrollment figures for the past 3 years show a continuing increase in the number of pupils in our schools.

Enrollment in January	1950	1951	1952
Kindergarten	4,731	5,399	5,499
Elementary grades 1–6	47,412	50,308	53,302
Intermediate grades 7–9	19,777	19,642	20,064
High school grades 10–12	17,499	17,045	16,477
Special	1,367	1,509	1,495
Total	90,786	93,903	96,837

Although the number of teachers increased from 3,545 to 3,637, the number of teachers with substandard preparation declined from 175 to 169.

Total expenditure for public schools, exclusive of capital outlay, for the year ended June 30, 1951, was $16,848,257.48—a per pupil cost of $188.18 on the basis of average attendance. This represents an increase of 34 cents over the previous year and a decrease of $2.04 in the per pupil cost for the year ending June 30, 1949.

PUBLIC UTILITIES COMMISSION

Utility companies in the Territory generally were in sound financial and operating condition at the close of the fiscal year 1951–52.

During the fiscal year ended June 30, 1952, the Commission held 25 quorum meetings and 27 sessions of public hearings to consider the various matters before it. It disposed of 29 formal matters by issuing 10 Decisions and 30 Orders, providing, among other things, for substantial expansion and betterment in electric, gas, and telephone

plant, increases in electric, gas, and mass transportation rates and fares, extension of electric service to additional rural areas, marked improvement of utility service, particularly telephone and gas service, and the further consolidation of electrical facilities on the island of Kauai.

Employment in the utility industries in the Territory during the past year has been relatively stable and will probably continue to be, with the exception of the mass transportation company in Honolulu where declining employment has accompanied declining passenger traffic.

The total gross revenues of all utility companies in the Territory during the year 1951 amounted to $42,221,412 as compared to $37,909,941 in 1950, an increase of 11.4 percent. Total utility expenses and costs amounted to $38,070,537 during 1951 as compared to $33,878,658 in 1950, an increase of 12.4 percent. Total utility net income, which increased from $4,031,283 in 1950 to $4,150,875 in 1951, represented an average return of 4.3 percent on the 1951 net investment in utility properties, which amounted to $96,614,011. This investment represented an increase of 9.3 percent over the 1950 figure of $88,428,919.

The 10 electric companies, with gross revenues of $15,930,504 and expenses amounting to $13,489,820, earned a net return of $2,440,684 or 4.69 percent of their composite rate base amounting to $52,045,729.

The Territory's only gas company, which operates on the islands of Oahu and Hawaii, retained $289,772 as net earnings from gross revenues of $3,060,111, which net earnings represented a return of 4.21 percent on its rate base amounting to $6,876,465.

The Mutual Telephone Co. (which is the only telephone company in the Territory and which operates on all islands), with gross revenues of $9,462,800 and expenses amounting to $8,203,300, earned a net return of $1,259,500 or 5.51 percent on its rate base amounting to $22,860,167.

Net earnings for other classes of utilities varied from a high of 7.04 percent for terminal companies to a low of a minus 4.53 percent for motor vehicle common carriers.

The net increase in investment in utility plant in 1951 over 1950 was $8,185,092. Net growth in electric and telephone investment amounted to $4,656,041 and $2,335,030, respectively, and together amounted to 85.4 percent of the total growth in utility investment.

During the fiscal year ended June 30, 1952, the Commission authorized new capital for utility companies amounting to $12,380,211 as compared to $10,365,000 authorized during the fiscal year 1950–51, an increase of 19.4 percent. A summary of new capital authorized during the past fiscal year is tabulated below:

Company	Bonds	Stocks	Notes	Total	Purpose
Mutual Telephone Co	$1,000,000	$1,500,000		$2,500,000	Plant additions and betterments.
Hawaiian Electric Co., Ltd	3,000,000			3,000,000	Do.
Trans-Air Hawaii, Ltd		70,211		70,211	Do.
Molokai Electric Co., Ltd		30,000	$30,000	60,000	Do.
Maui Electric Co., Ltd	1,000,000	1,150,000		2,150,000	Do.
Kauai Electric Co., Ltd	600,000			600,000	Do.
Honolulu Gas Co., Ltd	4,000,000			4,000,000	Plant additions and betterments and retirement of bonds.
Grand total	9,600,000	2,750,211	30,000	12,380,211	

Total taxes assignable to utility operations for 1951 amounted to $6,409,342, as compared to $4,694,632 in 1950, an increase of 36.5 percent.

Total taxes expressed as a percentage of gross revenues increased from 12.38 percent in 1950 to 15.18 percent in 1951.

DEPARTMENT OF PUBLIC WORKS

The year 1951–52 saw great progress in the struggle to fit Oahu's highways to the growing commuter traffic problem.

Bids were opened on the first contract on the Mauka Arterial, Honolulu's first expressway, which will eventually extend from King and Middle Streets to Kapahulu. By a series of grade separation structures, this 7-mile, six-lane, divided highway will carry cross-town commuters over all intersecting streams of north-south traffic.

The first contract was let on the new Nuuanu Pali route, which will eventually cut the driving time from Country Club Road to Castle Ranch office to 6.3 minutes, an estimated 10-minute savings.

The last contract was let on the Makai Arterial, the new water-front highway. This limited-access highway will ease travel between Pearl Harbor and Honolulu and between the airport and harbor and the Waikiki hotel district.

Other outstanding highway work included completion of the Lahaina-Wailuku Road on Maui, which boasts Hawaii's first highway tunnel.

Work continued on the 40-mile Hamakua Coast Road, a sugar industry life line which will be one of America's greatest scenic drives.

Well under way, at year's end, was the rehabilitation of the Hawaii Belt Road portion damaged by the 1950 Mauna Loa lava flow. The unique problem of working in still-hot lava became the subject of a laboratory study of nationwide interest.

Contracts placed by the department for all Federal-aid highways, airports, and other public works totaled $7,723,447.93. This amount was divided as follows:

Type	Number of contracts	Contract amounts
Federal-Aid highways	25	$5,141,851.60
Airports	10	1,527,425.75
Other public works	11	1,054,170.58
Total	46	7,723,447.93

A $754,396 contract for new Kamuela Airport on the island of Hawaii headlined the list of airport jobs. This airport is expected to create a new industry in the South Kohala district—the raising of "truck" crops for air shipment to Oahu.

An important public works contract was the 1.75-mile Kawainui swamp canal. The big ditch represents the first permanent flood control project on windward Oahu. It was nearly completed at the close of the fiscal year.

The Honolulu section engineer's office devoted much attention to the study of Waikiki's shifting sands. The beach was widened in March 1951 by the addition of 90,000 yards of sand (as measured in place) along both sides of the Makee groin. Of this amount, about 30,000 yards left the area between March 1951 and January 1952.

The sand has tended to move, thus widening the hotel beaches at the expense of the Kuhio section. To maintain width at the public beach park, the Department brought in 2,700 yards of additional sand in January 1952 and built a new groin. The following month additions were made to this groin and an adjacent one.

The section engineer's office has been keeping careful records of sand movements to aid in planning future beach development.

Preliminary plans for Hawaii's proposed "49th State Capitol" are nearing completion. The building would afford modern housing for the executive and legislative branches of government. It would also permit restoration of historic Iolani Palace.

In addition to supervising construction of new highways, airports and other public works, the Department continued to maintain the Territory's highway system and most of its public buildings.

EMPLOYEES' RETIREMENT SYSTEM

As of June 30, 1952, there were 17,306 active and inactive members in the Employees' Retirement System of the Territory of Hawaii.

There were 1,004 beneficiaries on our retirement payroll as of June 30, 1952, and the total amount paid beneficiaries during this period was as follows:

Classification	Number	Annual pensions and retirement allowances
Legislative pensions, Act 261, S. L. 1925	5	$3,660.00
Retired teachers (Old Teachers' Pension System)	4	2,400.00
Service retirement	788	648,960.56
Ordinary disability retirement	134	90,101.97
Accidental disability retirement	53	71,773.30
Accidental death pensions	20	16,608.79
Total	1,004	833,504.62

As of June 30, 1942, the membership of the system totaled 10,291 and investments amounted to $13,321,469.26 as compared to 17,306 members and toal investments amounting to $60,645,621.26 as of June 30, 1952.

DEPARTMENT OF THE SECRETARY OF HAWAII

Auto License Plates.—Bids were called during the year for the furnishing of aluminum auto license plates to be furnished next year as follows: City and County of Honolulu, 205,798 sets; Hawaii, 29,350 sets; Maui, 27,440 sets; and Kauai, 20,510 sets.

Under the authority of Act 162 of the Session Laws of Hawaii 1951, metal tags will be used each year commencing in 1953 and throughout the 5-year period to validate vehicle registration.

It is expected that the 1953 license plates will last for a period of 5 years. Both the contract for aluminum license plates and contract for aluminum tags were awarded locally.

Hawaiian Birth Certificates.—In keeping with chapter 313, section 12910, Revised Laws of Hawaii 1945, a Hawaiian birth certificate may be issued to any person, or child over 1 year of age, whose birth is not recorded with the Bureau of Health Statistics, provided he is able to satisfactorily prove his birth in the Territory of Hawaii.

During the period July 1, 1951, to June 30, 1952, 677 applications were received. Certificates totaling 641 were issued and 7 applications were canceled, showing an increase in the number of applications received and issued over the previous fiscal year period. This increase is due to numerous requirements for evidence of United States citizenship and birth.

BUREAU OF SIGHT CONSERVATION AND WORK WITH THE BLIND

Hawaii finds roughly 1 in 10 of its school children to have visual defects serious enough to refer for medical attention while Mainland authorities estimate 1 in 4 mainland students has such visual defects. This record may be the result of the 17 years of annual vision testing in all schools. This year 112,736 students were tested with 11,288 recommended for medical care and 85 percent of those receiving it. This program of early detection and care is reflected in the decreasing enrollment in sight saving classes. Two of the classes were temporarily closed and one opened.

Fifteen eye clinics were held in 12 rural areas in addition to weekly out-patient clinics. The Bureau is proud that it has been instrumental in opening the first glaucoma clinic in Honolulu.

Social case work services were continued for the 663 blind persons registered during the year, and 984 clients whose major problems were related to eye care were provided intensive case work services.

The program for the preschool blind child has continued to develop cautiously and slowly. Unsuccessful attempts were made to obtain the services of national experts to review the program. Through correspondence they felt it unnecessary as the outline of the Hawaii's program as presented was in advance of many States.

The active parents' group, the teaching of play in the home by trainees from the University of Hawaii Preschool Teachers' Training Center, and the correlation of all phases by experienced social case workers provided better services.

Special services to the blind not included under social, medical, rehabilitation, or prevention of blindness continued. One hundred and sixty-eight talking book machines on deposit from the Library of Congress brought joy to many adult blind readers; red and white canes were distributed; special equipment was provided. The Bureau continued to interpret the 13 Territorial laws which are of benefit to blind persons. Group activities were offered in knitting, cooking, ceramics, readers, bowling, choral singing, and other classes and parties.

New horizons are being brought within reach of the visually disabled through the federally supported vocational rehabilitation services.

The vocational rehabilitation administrator's trip to Washington, D. C., to attend conferences and visits to other vocational rehabilitation facilities across the mainland have added impetus to the program. As a result of interpretation of the problems of the small agency by the administrator, additional Federal money was made available.

The report of the Personal Adjustment Training Center for the visually disabled held in Honolulu July and August 1951 will be published for national distribution by the Federal Office of Vocational Rehabilitation (as was the discussion paper prepared by the administrator for the Professional Advisory Committee to Vocational Rehabilitation).

The purpose of the program was to provide stimulation conducive to the development of independence, self-confidence, and poise as a preliminary step toward the rehabilitation of the visually disabled individual, and to acquaint him with the demands of daily living in society and show him how best to meet these demands. It helped him become familiar with special tools and techniques adapted for the use of the blind as a precourse to later vocational training and job placement.

The regular services of diagnosis, physical restoration, counseling guidance, vocational training, and placement were provided to 149 visual disabled persons.

The Territorial Shop for the Adult Blind profited from the unceasing efforts on its behalf by the Territorial Vocational Advisory Council and its subcommittee on business enterprise. These groups, with the assistance of the Industrial Engineering Society of Hawaii, made cost, time, and methods studies with recommendations which speeded up production and resulted in increased earnings. The gross sales from the manufacture of brooms, mops, and coconut buttons amounted to $73,885. Wages of $25,122 were paid to the equivalent of 17.5 blind men.

The committees increased the vending-stand earnings of blind operators by establishing a cooperative manager-assistant share-the-profits plan in stands which are attended by more than one blind operator. Nineteen stands were in operation employing 24 blind men with gross sales amounting to $254,289 with net earnings of $41,830.

The annual Sight Conservation Week inaugurated the day-in-day-out program developed to educate all members of the community in the prevention of blindness and eye health. On an average of twice a week some community group heard talks, or saw demonstrations, exhibits, or films given by staff members.

With the slogan "While You're Considering My Disabilities, Don't Overlook My Abilities" booths including demonstrations by the blind were held at nine county community fairs. The Bureau stressed care in use of firecrackers and helped industries form Wise Owl Clubs which develop an interest in wearing goggles at hazardous industries.

Through the efforts of the Bureau, internship for two medical practitioners from the Trust Territories for study in ophthalmology was

established in cooperation with the Health Division of the Trust Territories and the Hilo hospitals. A credit survey course in sight conservation was given at the University of Hawaii. The Bureau was selected as one of the field placement agencies by the University of Hawaii School of Social Work.

The historical report on the beginnings of the work with the blind in the Territory and a review of 16 years of work with the blind was completed.

STATEHOOD COMMISSION

Hawaii's struggle for statehood continued unabated during 1951 and the first 6 months of 1952. A Washington office of the Commission was activated in September 1951 and worked in close cooperation with the Delegate from Hawaii throughout the following eight months.

Commissioner member, Dr. Benjamin O. Wist, took charge of this operation until his untimely death in October 1951. Another commission member, Mrs. Nancy Corbett, spent 2 months touring the southern states in an attempt to overcome some of the sectional opposition to the statehood measure.

Immediately upon the convening of the Eighty-second Congress in 1951, Hawaii's enabling bills were introduced in both houses; H. R. 49 by Delegate Farrington in the House of Representatives and S. 49 by Senator Joseph C. O'Mahoney and 20 in other Senators in the United States Senate.

The Senate Committee on Interior and Insular Affairs reported out both the Hawaii bill and the Alaska statehood bill—S. 50—early in the session; and the majority leadership announced that these two measures would be put on the list of legislation to be taken up at an early date.

Because of the pressure of legislation of a national import, neither measure was called up before the end of the first session; but Senator Ernest W. McFarland announced that these bills would be taken up for consideration by the Senate early in the second session.

In consequence, the Statehood Commission felt it desirable to reactivate the Washington office prior to the convening of the second session and retained Mr. Jan Jabulka as executive director to take charge of this office.

When it was apparent that consideration of these two bills, the Alaska bill having been put on the calendar first, would take place in January-February 1952, the Commission requested the Governor of Hawaii to attend the hearings and instructed its chairman to do likewise. The Governor and Chairman King proceeded to Washing-

ton and used our utmost endeavors to procure favorable consideration of the Hawaii bill.

The parliamentary situation called for a discussion of the Alaskan bill as the measure officially before the Senate, but, during the debate, the merits of the statehood claims of both Alaska and Hawaii were a matter of discussion and debate. Finally, by a vote of 45–44, a motion to recommit the Alaska bill prevailed. The majority leader then moved to take up other legislation on the grounds that the recommital of the Alaska bill precluded action on the Hawaii bill.

It was obvious that pressure on the Senate to take up other vital measures eliminated any probability of further consideration of either statehood bills during the present session.

Since statehood adherents had decided to make their strongest effort in the Senate during this session (as the House had already passed the Hawaii bill twice before), no House action was forthcoming.

While the Congressional action put statehood back for at least another year, there was one strong piece of political action later in the year which augured well for early future action on Hawaii's long sought statehood status. For the first time in its history, the Republican Convention adopted a statement urging "immediate statehood for Hawaii" as a plank in the national platform.

Previously, the Republicans had favored "eventual statehood."

The Democrats at their convention in Chicago reiterated their platform plank of 1948, which called for immediate statehood for Hawaii.

With both major parties unequivacably committed to immediate statehood for Hawaii, the people of the Territory have taken new hope for the early passage of their long pending bill admitting Hawaii into the union of free states as an equal partner.

SURVEY DEPARTMENT

Expenditures by the Territorial surveyor during the fiscal year 1951–52 totaled $151,346.07, or $14,745.32 more than for the previous year. This Department carried out numerous surveys on all of the islands for the Department of Public Lands, the Land Court, the Hawaiian Homes Commission, the Board of Agriculture and Forestry, the Attorney-General, the Bureau of Conveyances, and other government agencies.

TOURIST INDUSTRY

Hawaii's basic objective in the development of a Territory-wide tourist industry—the bolstering of the Islands' economy through

new dollar income from the Mainland—came into its sharpest outline during the past fiscal year.

The Territory's inflow of tourists and tourist expenditures not only reached the greatest totals in Hawaii's history, but the first sustained and continuing measurement of that inflow was accomplished by the Hawaii Visitors Bureau's new research program surveying the industry.

The HVB survey shows that 103,924 visitors arrived in Hawaii during 1951. Of this number 51,565 stayed 2 days or longer. Of that number 47,634 were westbound and 3,931 were eastbound. Visitors staying under 2 days totaled 52,359.

Those staying 2 days or longer made a direct expenditure in the Territory of $30,300,000. Our estimate of the expenditures of those staying under 2 days, who can be accurately classified as transients and "through" tour groups, is placed at $5,000,000. Expenditures of additional new mainland dollars in Hawaii by trans-Pacific carriers handling visitors is placed at $5,000,000, making the new dollar expenditure total in the Territory, directly attributable to the tourist industry, $40,300,000 for 1951.

As this is written, the HVB survey's latest report is that during the first quarter of 1952 a total of 26,595 visitors arriving in Hawaii from all directions made a direct expenditure in the Territory of $10,300,000.

The 1951 legislature appropriated $500,000 for the biennium, which was more than matched by the business community.

Because of increased costs in advertising and general operation, a successful drive was launched in the business community for an additional $25,000.

The promotion work is administered by the HVB with the advice and counsel of island businessmen and appointees of the Governor of Hawaii. Its activities include paid national advertising, publicity, and promotion by the Bureau's publicity department, national radio programs, reception and assistance for visitors, and an island-wide cooperative program through individual island committees and offices.

Significant facts developed by the Bureau's research program show trends:

Spring months are attracting as many visitors to Hawaii as other seasons. The fall months, September through December, are characterized by an increasing number of visitors.

Vacationers of modest income are fast becoming a large group among Hawaii's visitors.

Air travel is playing an increasing part in the development of visitor traffic to Hawaii by bringing the islands closer to the mainland.

Steamer travel to Hawaii is considered by travelers a desirable way to enter the Territory, and apparently there are not enough steamer accommodations to meet the demand.

Creation of the Pacific Area Travel Conference, participated in by 97 government leaders and carrier and travel representatives from 15 countries bordering the Pacific took place in January 1951 under the sponsorship of the Hawaii Visitors Bureau. The principal objective of the conference is the development of travel to and throughout the Pacific area.

Because Hawaii's increased tourist trade has brought to the fore a shortage of island hotel accommodations, the Bureau also sponsored a comprehensive, Territory-wide hotel survey by a nationally known firm of hotel accountants. While not completed at this writing, the survey is expected to report on hotel needs and suggest ways and means to interest new capital in island hotel projects.

Among the outstanding developments in Hawaii's tourist picture during the year were the opening of the luxurious Surfrider Hotel at Waikiki in January and the announcement of new and improved hotel facilities throughout the Territory. These include apartment units within walking distance of Waikiki Beach at Honolulu. In downtown Honolulu the Alexander Young Hotel converted a floor of former offices to 10 suites with a total of 21 rooms. Kona Inn at Kailua, island of Hawaii, opened a new wing accommodating 50 additional guests. Hotel Hana-Maui, island of Maui, added eight new luxury suites. At Hilo, island of Hawaii, Lanai Motel opened close to the Hilo airport. On the island of Kauai, Motel Hale Hoomaha opened at Haena in the scenic Hanalei district.

All islands of the Territory reported greatly increased tourist traffic during 1951 and the first half of 1952. Greatest impetus for increased travel to one island was the eruption of Kilauea Volcano in Hawaii National Park, island of Hawaii, following a dormant period of 18 years. Activity commenced on June 27, 1952, and during the first 6 weeks of activity 200,000 sightseers flocked to the park to witness the tossing lava fountains from the rim of the fire pit. These included residents of all islands and many mainland visitors fortunate enough to be in the Territory at that time.

UNIVERSITY OF HAWAII

The University of Hawaii reported a total enrollment of 12,821 students during the fiscal year 1951–52. This number included 6,120 regular students; 3,641 registered in adult education classes; 3,060 registered for summer courses, including 497 from the mainland, 70 students registered at the Hilo branch of the university, 94 at the

Hickam center, 118 at the downtown center in Honolulu, and 38 in miscellaneous Territorial areas.

The largest senior class in the history of the university, 720, was graduated in June. This number includes the first graduating class of the new College of Business Administration. In addition to bachelor's degrees, the university granted 108 5-year teachers' diplomas, 19 social work certificates, and 42 earned advanced degrees.

The following were recipients of honorary degrees during the academic year: Oren E. Long, Governor of the Territory; Colin G. Lennox, president, territorial board of agriculture and forestry; Fred Ohrt, former manager, city and county board of water supply; Rufus C. Harris, president, Tulane University.

Our research during the year continued to emphasize race relations and to deal with programs which seek to strengthen Hawaii's economic fiber—a crop log which gives plantation agriculturists a precise, month-to-month picture of the nutritional and water needs of growing sugarcane; a poultry feed which uses third-strike sugar in place of imported grain; packaging, shipping, and marketing studies which have greatly increased the export of tropical fruits, flowers, and vegetables; a cooperative cattle breeding program with 11 Western States to evaluate and improve our local strains; and marine fisheries investigations to develop our aquatic resources. A variety of naval research programs were conducted. College of Agriculture personnel participated in the Territorial Disaster Relief Agency's emergency food production program and in short courses, clinics, conferences, and round-table discussions which stressed production for export and for local self-sufficiency.

Our contacts were by no means circumscribed by our ocean-bound horizon. Educators from many countries, particularly Japan, were frequent visitors. Forty-five agricultural trainees of the Mutual Security Agency studied on the campus from 1 day to 3 months. They came from Brazil, Burma, Formosa, French West Africa, Guam, India, Indonesia, Japan, Kenya, Korea, Pakistan, the Philippines, the Ryukus, and Thailand. Secretary of the Interior Oscar L. Chapman visited the university, addressing the faculty and students. Favorable reception was given a recommendation made by faculty members to him and other Washington officials that persons of Asiatic origin be appointed to responsible positions in the Orient. The University was represented at a meeting of the Human Relations Area Files, Inc., in New Haven and those of the Advisory Panel in Biology and the Advisory Committee on Hydro-biology of the Office of Naval Research in Washington.

We have fared well in the stiff competition for study grants. Fulbright fellowships were awarded to faculty members for study in East Pakistan and West Pakistan and to students for graduate study

in England, New Zealand, and the Philippines—a high percentage for an area of our size. Students won national and international scholarships to Radcliffe, Bryn Mawr, Yale, and other mainland universities.

The community showed keen interest in a lecture series titled This Divided World, which dealt with conditions in six strategic areas—Russia, England, Manchuria, the Near East, India, and South America. Students in the elementary laboratory school conducted a project involving the authentic use of ancient Hawaiian musical instruments and accompanying dances which proved of considerable local interest and were acquired by the Library of Congress; two projects on Korea concerning all the studies of these students were broadcast by the Voice of America; and elementary students' replies to Senator Tom Connally's reflection on the quality of island citizenship were so fundamentally sound as to be picked up by editors and wire services. Gregg M. Sinclair, president of the university, served as chairman of the Citizens' Committee on Statehood, and a faculty member was chairman of United Nations Week.

Hawaii is a crucible of inter-race relations, a catalyst of inter-cultural exchange. The airlines, shipping lanes, and communications channels which radiate from Hawaii to the island groups and continents of the Pacific symbolize the cultural bonds of our varied population and the extensiveness of the university's regional responsibilities. Our recognition of these responsibilities is reflected in the work of our Hawaii Social Research Laboratory, by the regional publications of our press, by the service of 16 of our faculty members on the Advisory Board on Education for Guam and the Trust Territory, by the many courses which we offer in Pacific and Asiatic languages and culture, and by the research which we conduct, and the educational, agricultural, and scientific services which we render throughout the Pacific area.

The university suffered from a severe cut in its Territorial appropriation. Tuition was doubled to help meet the defiiency. The budget totaled $3,924,494. The sources of these funds were: Federal $408,787; Territorial, $2,296,037; university income, $1,219,670. At the end of the period, faculty members numbered 472; civil-service employees, 333. A women's residence hall was added to the physical plant. Men's residence halls with dining facilities, a library, a classroom building, and an agricultural building are greatly needed.

COUNCIL ON VETERANS' AFFAIRS

Activities of the Council on Veterans' Affairs have taken a sharp upturn since the beginning of the year due to the new discharge

program inaugurated by the Armed Forces. It is estimated that 17,000 Hawaii residents are now serving in the Armed Forces. These 17,000 people now in service, coupled with Hawaii residents who served in World War I and World War II, give the Territory a veteran population in excess of 60,000.

At the present time, the rate of discharge is running around 200 men per month. This is expected to increase monthly with the peak expected around the latter part of 1953.

The purpose of the Council on Veterans' Affairs is to render service to those veterans, servicemen, and their dependents and to direct them to their specific objectives. More than 10,000 veterans, servicemen, and their dependents sought the assistance of the Council's offices in Honolulu, Hawaii, Maui, and Kauai during the past year.

One of the heavy loads handled by the staff has been immigration and naturalization. This involves aiding veterans and their dependents in getting wives and parents, and other relatives from foreign lands. This phase of the Council's work is expected to become increasingly active due to the passage of the omnibus bill.

The Council also aids in the repatriation of the war dead. Staff members on Hawaii, Maui, and Kauai act as funeral officers at the burial of all veterans in the Territorial cemeteries on those islands. On Oahu, the council aids in burials only when burial is made outside the National Cemetery of the Pacific.

Early this year, the Council reactivated its vocational counseling and testing program. Under this program, a veteran is able to receive educational and job information. He is also able to take a battery of tests which, if successfully completed, will result in a high-school diploma.

The Council's offices also handle pay claims, prisoner-of-war claims, jobs, change of name, pensions, preparing applications, lost discharges, state bonus, and drawing up of affidavits. One of the time-consuming chores is to aid the dependents of servicemen to prepare affidavits to establish dependency. This benefit, known as Class "Q" allotment, requires detailed information from the dependent and supporting notarized statements.

DEPARTMENT OF PUBLIC WELFARE

Improved economic conditions in the Territory resulted in a gradually declining public welfare load during the fiscal year ended June 30, 1952, at which time 19,308 persons received financial assistance—12.4 percent fewer than at the beginning of the fiscal year. Costs, however, declined 13.3 percent.

The average over the year was 20,238 persons assisted monthly. Of this average:

2,255 were needy old people and their spouses;

114 were needy blind;

12,623 were dependent children and their parents;

1,082 were children under foster care in foster family homes or institutions;

1,140 were needy disabled persons;

2,001 were other needy adults and children receiving general assistance.

Forty-one persons out of every 1,000 in the Territory were dependent upon public assistance in June 1952 for their basic living needs as compared with 47 persons out of every 1,000 a year ago. More than half of those assisted were children, reflecting a situation different from that on the mainland where more old people than children are assisted.

The cost of living climbed during the year, but the Public Welfare Board, which continued its study and evaluation of the assistance standards, was unable to raise payments to recipients beyond the 69 percent of the basic minimum standards they had adopted in January 1950 because of an inadequate appropriation. The average monthly payment per person was $27.35 as compared with $26.88 for the previous year, an increase due in the main to the higher cost of such basic living items as water, gas, transportation, electricity, and rent.

The Department completed plans under which it will be securing additional Federal matching funds through several activities:

(1) For the cost of hospitalization for eligible public welfare recipients estimated at $100,000 for the fiscal year beginning July 1952;

(2) For the cost of goods, services, and facilities amounting to approximately $80,000 for administrative expenses retroactive to April 1950 and an approximate current $3,000 monthly.

The Department has complied with the changes in the Social Security Act:

(1) That proper law-enforcement officials be notified when ADC payments are made in behalf of children who have been deserted or abandoned;

(2) That the first $50 of a blind recipient's earnings be exempt from consideration in determining assistance payments;

(3) That blind applicants should have the choice of being examined by either an ophthalmologist or an optometrist.

Federal funds met 38.6 percent of the Department's operational cost as compared to 30.9 percent in 1951. This resulted from expanded

Federal coverage by the 1950 Social Security amendments in the Aid to Dependent Children program and in the newly established Aid to Disabled program. The following table shows public-welfare expenditures for 1951 and 1952:

	Fiscal year 1951	Fiscal year 1952
Assistance payments	$7,768,226.00	$6,470,010.53
Old age assistance	935,869.31	894,603.69
Aid to dependent children	3,869,970.23	3,169,088.97
Aid to the blind	49,488.05	53,334.11
Aid to the disabled	151,152.29	535,654.10
General assistance	2,257,533.59	1,320,799.33
Child welfare foster care	504,212.53	496,530.33
Medical care	698,927.58	
Administration	954,224.53	971,679.33
Grand total	9,421,378.11	7,441,689.86
Federal share	[1] 2,910,521.10	[2] 2,872,407.76
Net Territorial	6,510,857.01	4,569,282.10

[1] 30.9 percent.
[2] 38.6 percent.

An important development in the Department's services to children has been the increased emphasis given in community planning to evaluation of services and facilities for children. There was increased effort in keeping children together and in strengthening homes and in the prevention of family breakdown. A total of 2,666 children received specialized child welfare services in June. Of these 41 percent were living in their own homes; 12 percent in the homes of relatives; 36 percent in foster family homes; 8 percent in institutions; and 3 percent elsewhere.

In September 1951, the Department commenced administering the law requiring that all physically fit persons register for and accept work on public work projects as a condition of receiving general assistance.

Under this program, 6,564 man-days of work were performed for Territorial and county agencies by an average of 1,290 persons a month. Assistance payments totaling $565,000 were made to these persons required to work on public projects as a condition of eligibility. The program was carried out by the Department without additional administrative staff.

As an adjunct, the Department has found this program to be helpful to recipients in resuming work activity, in keeping old skills, or in acquiring new ones. Experience on these work projects has been

a stepping stone for some of the recipients to finding regular work in private and public employment and thus become self-supporting.

During the past year, the Department has aimed at providing the best service possible at the least administrative cost. It has strengthened administration by clarifying and by constantly reviewing and by further developing policy seeking to provide and maintain equitable, uniform, and accurate administration of policies.

A project of major importance in this connection during the year has been the work done in an endeavor to define public welfare services according to Territorial laws and Federal laws and rules and regulations. Very satisfactory progress has been made by the Department in compiling a statement of functions and by the Public Welfare Board in reviewing their policies to clarify the role of the Department in rendering welfare services.

Such a definition and clarification will result in a focus on what must be done according to the law and in the assignment of priorities within administrative and fiscal limitations.

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